

Proposition 123 and Teacher Salaries in School Districts

ASBA AND AASBO
WEBINAR

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What has been the impact of Proposition 123 on school districts?

- How much additional money do school districts have as a result of Proposition 123?
- How much additional money has gone to teacher compensation since Proposition 123 was approved by voters?
- Tutorial for how to find financial reports with this information.

Proposition 123 did not occur in isolation.



Changes to the *Core Funding Formula* Since FY15

+ Proposition 123

- Cut to District Additional Assistance from \$-239M to \$-352M*
- Cut to Charter Additional Assistance from \$-15.9M to \$-18.9M
- Cut to Charter Small School Weight \$-29M
- Current Year Funding for Districts \$-30M*

Additional K-12 formula cuts reduced the potential impact of Proposition 123 by at least \$175M*

*Does not include additional loss in budget capacity for non-state aid districts.

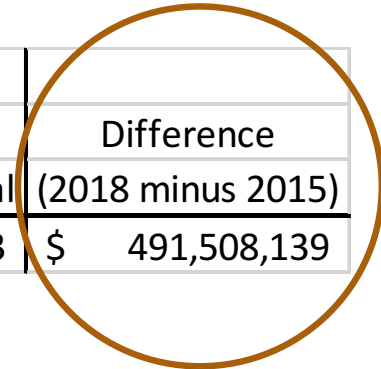


How much additional money do school districts have as a result of Proposition 123?



Core Formula Funding plus Prop 123 additional funding generates **\$491.5 million** more funding for schools in FY2018 when compared to FY2015.

	Equalization Formula Funding plus Prop 123			FY2018 Base Funding Total	Difference (2018 minus 2015)
	FY2015	FY2018			
	Formula	Formula	\$50M Addt'l*		
State Total	\$ 5,836,792,304	\$ 6,278,300,443	\$ 50,000,000	\$ 6,328,300,443	\$ 491,508,139



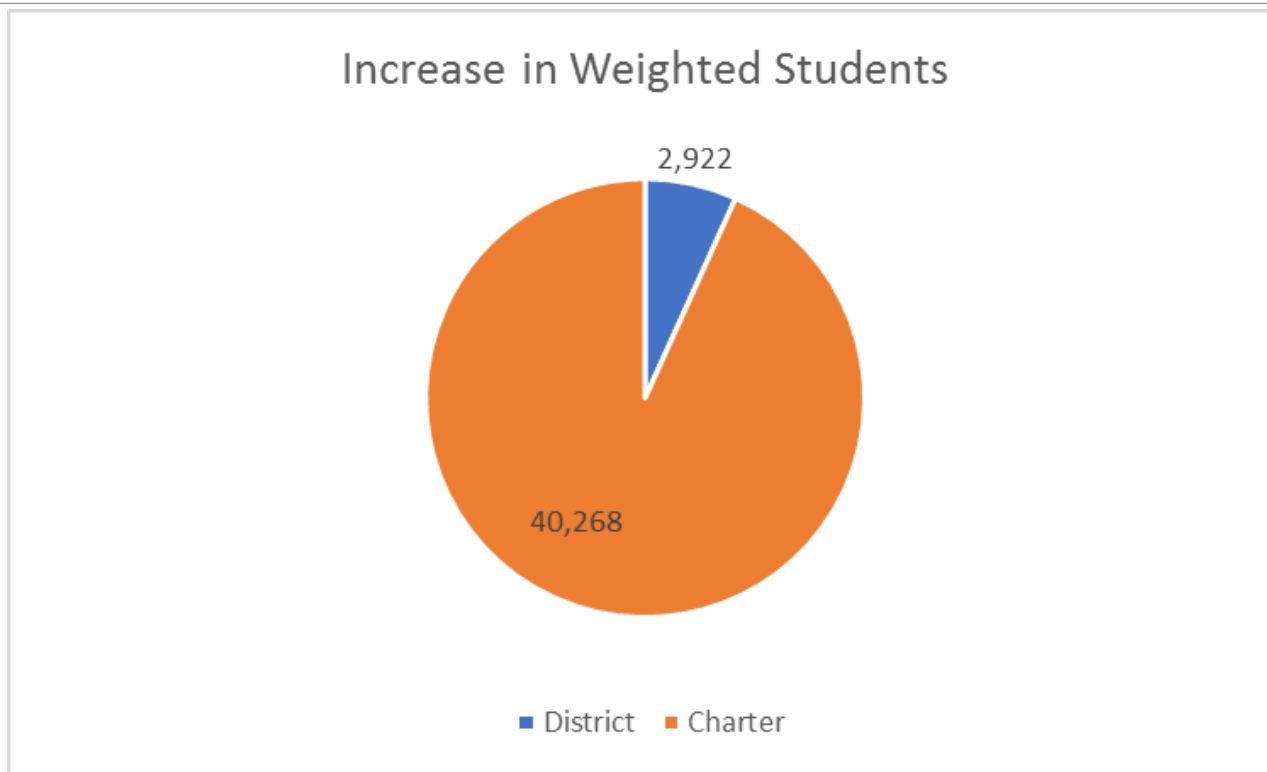
However, less than half of the increase is going to school districts.
 Most of the increase is flowing to charter schools.

	Equalization Formula Funding plus Prop 123			FY2018 Base Funding Total	Difference (2018 minus 2015)
	FY2015	FY2018			
	Formula	Formula	\$50M Addtl*		
District	\$ 4,819,380,607	\$ 5,019,501,171	\$ 41,061,153	\$ 5,060,562,324	\$ 241,181,716
Charter	\$ 1,017,411,697	\$ 1,258,799,273	\$ 8,938,847	\$ 1,267,738,120	\$ 250,326,423
State Total	\$ 5,836,792,304	\$ 6,278,300,443	\$ 50,000,000	\$ 6,328,300,443	\$ 491,508,139

*Based on Payment 1 (multiplied by 2)



The number of weighted students in the state increased by over 43,000 from FY15 to FY18. Most of that increase is in charter schools.



Student growth accounts for 43% of the additional money in the formula; most of that student growth is in charter schools.


	Impact of Student Growth	Impact of Proposition 123	Total Increase
District	\$ 11,438,131	\$ 229,743,586	\$ 241,181,716
Charter	\$ 200,650,283	\$ 49,676,140	\$ 250,326,423
State Total	\$ 212,088,414	\$ 279,419,725	\$ 491,508,139

Once student growth is taken into account, the impact of Prop 123 is proportional between districts and charters.

	Impact of Student Growth	Impact of Proposition 123	Total Increase
District	\$ 11,438,131	\$ 229,743,586	\$ 241,181,716
Charter	\$ 200,650,283	\$ 49,676,140	\$ 250,326,423
State Total	\$ 212,088,414	\$ 279,419,725	\$ 491,508,139

Bottom line: districts have about \$241M in additional dollars to serve additional students and increase teacher salaries.

	Impact of Student Growth	Impact of Proposition 123	Total Increase
District	\$ 11,438,131	\$ 229,743,586	\$ 241,181,716
Charter	\$ 200,650,283	\$ 49,676	
State Total	\$ 212,088,414	\$ 279,419	



Available for teacher salary increases in school districts.

How much additional money has gone to teacher compensation since Proposition 123 was approved by voters?



School Districts are investing over \$180 million more in *teacher salaries* in FY18 than in FY15.

	FY15	FY18	Increase
Total FTE	47,061	48,852	1,791
Average Salary	\$ 44,905	\$ 46,949	\$ 2,044
Total Salary	\$ 2,113,296,072	\$ 2,293,547,728	\$ 180,251,656

Note: 90% of the increase in average teacher salary occurred by FY17, suggesting the 1.06% increase is not significantly included in these data. Those dollars, \$495 (based on 2017 average) per teacher, are in addition to the reported average salary above.

School Districts have increased their investment in *teacher salaries* by 9% from FY15 to FY18.

	FY15	FY18	Increase	
Total FTE	47,061	48,852	1,791	4%
Average Salary	\$ 44,905	\$ 46,949	\$ 2,044	5%
Total Salary	\$ 2,113,296,072	\$ 2,293,547,728	\$ 180,251,656	9%

The increase in total compensation (salaries plus employee related expenses) brings the total to over \$216M, or about 90% of the additional dollars from Proposition 123 (\$241M).

Increase in Salary	\$ 180,251,656
Increase in Employee Related Expenses (20%)	\$ 36,050,331
Total Increase in Compensation	\$ 216,301,987
as a % of Prop 123 Increase	90%
same calculation in FY17	85%



The remaining 10 to 15%?

- Proposition 206 and increase in minimum wage
 - Over 30,000 statewide (e.g., crossing guards, food service, custodian, bus aides, instructional and other aides)
- Salary increases to non-teaching staff
 - Over 22,000 support positions statewide (e.g., psychologists, therapists, counselors, library, media, IT, bus drivers, business, HR)
 - Approximately 2,100 principals and assistant principals
 - Approximately 700 Curriculum, Special Education, HR, Business and other Directors
 - 304 Superintendents and Assistant Superintendents
- Capital needs = Over \$2.4 Billion cut since FY09; \$1.1B every 3 years at current rate

Data Sources

Sources: District APOR-55, Charter CHAR-55 and District and Charter 64-1 Reports available at <http://www.ade.az.gov/Districts/EntitySelection.asp>

School District Employee Report, available at <http://www.ade.az.gov/sder/publicreports.asp>

Bulk extracts of reports available at <https://www.ade.az.gov/extracts/>

Brief tutorial on how to locate specific financial reports after the Q&A portion of the webinar.

Questions?

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