



## **Responses to Questions Regarding Increases in Education Staff and Expenditures**

As the legislature has begun reviewing the financing of state government, many are concerned that public education budget cuts are being justified by attacks on district staffing and finance decisions made over past years. Although public education must confront the potential of reduced revenue, charges that school districts have misspent available funds must be answered. Below are some misperceptions that deserve a response. We will provide additional information as new questions arise.

### **Misperception #1: The ratio of teachers to non-teaching staff has shifted from 5:1 in the 1970s to 1:1 today.**

Texas did not count all staff in the 1970s—the largest portion of non-teaching staff, auxiliary staff, were not counted until the PEIMS data collection system was put into place in the 1980s. A look at comparable data shows that the percentage of teachers to non-teachers has actually not changed substantially since the late 1980s. The percentage of staff that are teachers has declined from 52 percent to 50 percent since 1989-90—a slight decrease, but nothing like moving from 5:1 to 1:1.

<b>Year</b>	<b>Total Staff</b>	<b>% Teachers</b>	<b>% Professional Support</b>	<b>% Campus Admin</b>	<b>% Central Admin</b>	<b>% Aides</b>	<b>% Auxiliary</b>
<b>1989-90</b>	383,349	52	5	3	2	8	30
<b>1994-95</b>	449,421	52	7	2	1	9	29
<b>1999-00</b>	522,422	51	7	3	1	10	28
<b>2004-05</b>	583,760	50	8	3	1	10	28
<b>2009-10</b>	659,821	50	9	3	1	10	27

The percentage of staff who are auxiliary (typically maintenance staff, custodians, transportation staff, and food service staff) has actually declined during this time while the percentage of aides and professional support personnel has slightly increased. This suggests a minor shift away from operations expenses toward instructional support, and probably corresponds to districts' increased emphasis on academic performance as accountability requirements grew during this timeframe. An additional factor is the use of contract personnel to replace employees.

**Misperception #2: Since there are a large number of non-teaching staff, staff reductions can be made without impacting classroom instruction.**

Non-teaching staff will no doubt be reduced if some of the budget scenarios currently being proposed are implemented, but cuts cannot come from non-teaching staff alone, and these cuts will impact the level of services currently provided.

In looking at general fund expenditures (over which districts will have the most degree of control when making budgetary decisions), teacher salaries were \$15.2 billion, or 64 percent of total salary costs in 2009-10. All non-teaching salaries combined totaled \$8.4 billion that year. Even a 50 percent reduction in all non-teaching staff would leave districts short of finding the cuts necessary to implement the reductions called for in the introduced appropriations bills.

Worse, substantial reductions in these areas would impact the level of services provided to students. Elimination of positions such as school librarians, counselors, nurses, principals, assistant principals, food service staff, custodians, and school bus drivers will change the atmosphere on our public school campuses and push more responsibility for fulfilling these functions onto classroom teachers, who should be focused on instruction.

**Misperception # 3. There is unexplainable growth in public school expenditures.**

Over time, Texas has increased expenditures for public education, even on a per student basis. Between 1997-98 and 2008-09, per student spending from all funds has grown by 72 percent, counting capital outlay and debt services. However, counting both capital outlay and debt service arguably double-counts a portion of the funds expended on school construction by adding the actual dollars spent for construction to the payments on debt associated with those same expenditures. Further, since Texas adds 70,000 to 80,000 students to our school system each year, our school districts have been struggling to keep pace with a growing demand for classroom space. During this time, the state has added 1,269 campuses in addition to expansions and renovations.

Restricting the analysis to operating funds, spending still grew over this timeframe by 59 percent per student. Some of this increase is attributable to increases in federal funds associated with things like IDEA, Title I and the free breakfast and lunch programs. General fund operating expenditures have grown by 54 percent during this time (unadjusted for inflation). Much of this growth was due to legislative decisions to invest in particular areas, like improving teacher wages. For example:

- In 1999, the legislature passed a required teacher pay increase of \$3,000 per teacher. It also put the pre-kindergarten grants in place and a 9<sup>th</sup> grade initiative aimed at improving graduation rates;
- In 2001, the legislature passed new requirements for school districts to offer health care benefits, including a \$1,000 pay supplement for school staff that could be used for the purchase of health insurance.

- In 2003, the legislature passed a \$110 per WADA supplement to school districts that could be used for any necessary educational expenses.
- In 2005, the legislature brought down property tax rates and established the target revenue system. At the same time, it required a \$2,500 teacher salary increase and provided for a new high school allotment that was to be used to improve graduation rates and prepare students for a college readiness curriculum,
- In 2007, the legislature provided \$23.63 per student to be used for staff salaries and provide for a substantial number of new grant programs aimed at improving high school effectiveness; and
- In 2009, the legislature passed a required pay increase of \$800 or half of any new dollars associated with formula changes designed to improve equity.
- In all of these years, the legislature provided equalized funding for tax rate increases.

In addition, school districts have been busy responding to a changed student-population as well as changed educational expectations. The percentage of students who are from low-income families has increased from 48.5 percent in 1997-98 to 56.7 percent in 2008-09. However, this has not kept Texas from increasing academic expectations. Districts have worked hard to implement additional requirements for mathematics education, train teachers to instruct to higher-level college readiness standards, and provide student support as more challenging assessments are administered.

#### **Misperception # 4. School districts can rely on fund balances to weather this storm.**

The optimum fund balance calculation established by TEA now requires school districts to add two months cash disbursements to dollars needed to cover any cash flow deficits. Fall cash flow deficits occur because districts often need surplus funds to operate schools in the fall months before the bulk of property taxes are received in December and January. Other cash flow deficits are due to delays in payments from state or federal sources.

2008-09 audit reports showed \$3.4 billion in statewide one month cash disbursements, so two months would cost an estimated \$6.8 billion. \$4.3 billion were required to cover cash flow deficits. Combined, these rules call for fund balances of \$11.1 billion, substantially in excess of what our school districts currently maintain.

Texas operates a large public school system. In 2008-09, our school system served 4.7 million students and paid the salaries of 650,000 staff. While some districts may be able to tap into fund balances to temporarily cover some of the cost of cuts, the prudent operation of a system of this size requires substantial reserves and prevents additional cost increases due to the need to borrow.

**Misperception # 5. Districts that need additional revenue because of cuts can hold tax rate elections to make up the difference.**

Many school districts have already gone to the voters for additional taxing authority and cannot legally access any additional pennies. Others may be able to do so, but cannot access enough additional revenue to make up for the kinds of cuts the legislature is contemplating in the proposed budget. In fact, if all school districts were to successfully go to the voters for the maximum taxing authority allowed by statute, the total available additional revenue is \$2.4 billion. This includes increased local property taxes of \$2 billion, increased recapture costs of \$346 million, and increased state aid requirements of \$780 million in guaranteed yield funds that would be available by law. This is roughly half of what HB 1 and SB1 contemplate in cuts to the Foundation School Program.

These additional pennies were put into place to ensure meaningful local discretion over tax rates in response to a court mandate. Accessing them to make up for cuts in base state aid runs counter to this purpose.