



Education Cost Drivers

Senate Education Committee

Presented by:

**Dr. Lisa Skiles Parady, Executive
Director ACSA, ASA, AASSP**

Amy Lujan, Executive Director ALASBO





2017 Joint Position Statements (JPS)

Chair - Mary McMahon,
ACSA/AASSP President

ACSA Survey of Districts

- To be responsive to the committee's request, we conducted the survey this week
- 28 of 54 Districts responded
- All questions were open-ended with response/comment answers

Q2 What school district budget areas have been increasing the fastest or the most?

Answered: 22 Skipped: 0

Special Education Teacher Housing
Health Insurance Energy Costs
Salaries Personnel Health Care Utility Costs

Rough Numbers

- 25 of 28 or 89% cited health insurance/health care costs
- 13 of 28 or 46% cited maintenance, utilities and energy
- 11 of 28 or 39% cited worker's compensation or insurance
- 8 of 28 or 28% cited PERS/TRS or retirement
- Other costs cited included broadband/technology, logistics (freight/moving people and material in and out of villages), SPED, food service, housing, recruiting and transportation

Two Specific Examples:

- Our costs are increasing most rapidly in the areas of health insurance and workers compensation. Workers compensation is due to the fact that Alaska has a non-descriptive Medical Cost Schedule, and health insurance is because we are in a pool with our city and city hospital, and between our three organizations we have had an increase in catastrophic health issues in recent years.
- Employee Costs (Salaries, wages and benefits, especially health care premiums)
- Internet access to ensure adequate and equitable student learning access.

Health Insurance Costs

- A survey of members with 47/54 responses
- 18% increase FY13 to FY17 for these districts in total; 1% increase in personnel and 1% increase in ADM overall
- * 17 districts had increases in excess of 30% over the same period

“The best conclusion I can draw quickly is that in the same period in which costs have increased by 18%, benefits have remained static or decreased to contain costs.”

Bob Crumley, Chugach

**Q3 Please describe what has been done in
an effort to control these costs listed in
question one?**

Answered: 22 Skipped: 0

Health Care Staffing Control Housing
Health Insurance Classified District
Energy Efficiencies Employees Contractor
Reduce Costs Options Staff

Cost Control – Rough Numbers

- 23 of 28 or 82% cited reducing health insurance costs by increased cost sharing with employees, increasing deductibles and co-pays, re-bidding with insurance carriers, etc.
- 10 of 28 or 36% cited reducing personnel, hours, staff ratios, etc.
- 11 of 28 or 39% cited energy efficiencies such as LED lighting, biomass, system controls, etc.
- Others cited reducing travel, limiting tech purchases, outsourcing, etc.

Specific Examples:

- Health care – increased hours required for eligibility, reduced benefits offered through self-funded plan, joined Aetna PPO network to reduce costs, wellness program
- Workers comp –
- TRS/PERS - costs are beyond our control
- Subsistence level broadband use
- Cost cutting environment at same time trying to recruit quality educators in a national and statewide shortage environment

Another example

- Healthcare: We are convening a Healthcare cost containment committee and intend to go out to bid this year for a new plan, and are looking at ways for us to provide quality healthcare cheaper. Utilities: We are continuing to reduce our electrical consumption through lighting upgrades to LED's, system controls that prevent power use spikes, switching to biomass systems that reduce power costs. Salaries: We are already not competitive, so salaries will not go down. Reducing staffing ratios, increasing the use of automation and where ever possible we are trying to use technology to provide better educational opportunities.



Q4 What can the legislature do to help districts lower administrative costs?

Answered: 21 Skipped: 1

Teacher SERRC Unfunded Mandates Support
Administrative Energy Districts Staff
Program Increase Requirements
Local Control

Ideas for Legislative Support

- 9 of 28 or 32% cited reducing unfunded mandates
- 7 of 28 or 25% cited lowering health care costs such as with a state wide insurance pool
- Worker's Comp Reform
- Others cited reduced reporting requirements, increasing support to education service agencies, keeping e-rate strong, merge staff at hub districts but allow autonomy, hire a state wide engineer to help reduce utility costs, Funding AS 14.14.115 to incent collaboration

Unfunded Mandates - Example

- Please stop the unfunded mandates. They may sound good to do and they may not seem like a big thing to implement; however, they are a big thing to implement and manage, and they take away local control. For example, in order to implement the restraint and seclusion mandated training for 50% of our staff, it recently cost us \$15,000 plus we took teachers and principals away from students for 2 days, which also adds the cost of substitutes in addition to the cost on student learning. Prior to the recent unfunded mandate, we conducted the restraint and seclusion training with all relevant staff; however, due to the new mandate we now must train staff for whom this training is not relevant.

Challenges

- Turnover
 - Teacher
 - Principal
 - Superintendent
 - Professional
- Broadband/Bandwidth – discuss Monday
- Energy
- Transportation
- Travel

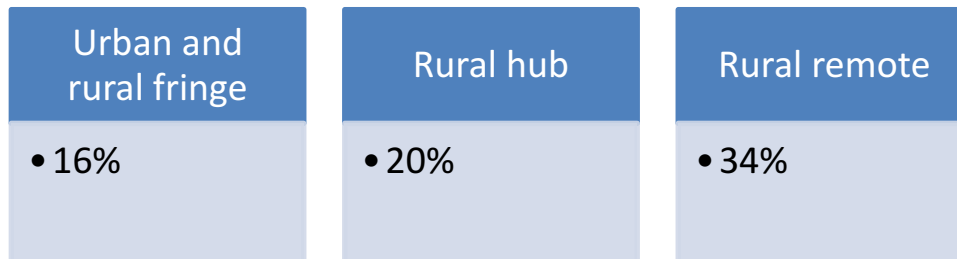
Alaska Profile

- Teacher characteristics

Staff new to their school

- 1,544 teachers
- 88 principals

21% of total



Alaska Profile

- Retention and tenure

Averages

- Teacher/principal tenure in their school *between 2012-13 and 2015-16*: about three years
 - At rural remote schools, about two years
- 20 percent of teachers and 26 percent of principals in 2015-16 had been in a new school the prior year

One last note - change is our norm!

last update 9/29/09

Superintendents of Alaska



Last update: 09/10/13

Superintendents of Alaska

If you have a picture to submit, please email aco@alaskaco.org



Preparing Attracting Retaining Qualified Educators in AK

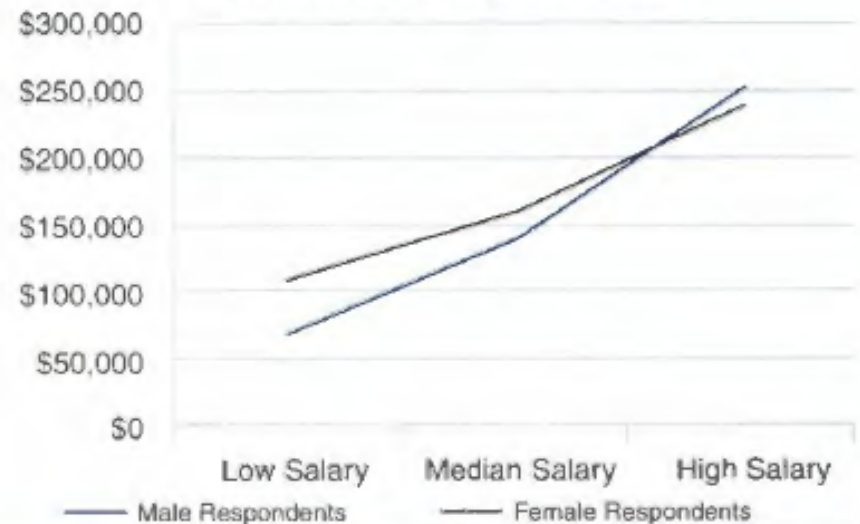
- From 2012/13 to 2015/16 -
- 32 of 54 districts saw at least one new superintendent – **59%**
 - 2 districts with 3 new superintendents
 - 13 districts with 2 new superintendents
 - 17 districts with 1 new superintendent

In the charts below, you will find data on school budget size and superintendent salary, along with gender differences in superintendent pay.

Gender and pay

Gender	Low Salary	Median Salary	High Salary	Average Salary
Male Respondents	\$68,000.00	\$139,750.00	\$252,000.00	\$139,382.65
Female Respondents	\$109,000.00	\$160,321.00	\$239,200.00	\$162,091.38
All Respondents	\$68,000.00	\$140,000.00	\$252,000.00	\$144,972.49

Low, Median, High Salaries



Budgets and superintendent salary

Budget Size to Salary	Average	Median	Low	High
\$0 - \$25,000,000	\$120,889.52	\$119,500.00	\$102,000.00	\$116,633.00
\$25,000,001 - 50,000,000	\$138,771.50	\$143,000.00	\$146,000.00	\$140,000.00
\$50,000,001 - 75,000,000	\$177,422.69	\$178,525.00	\$159,000.00	\$135,000.00
\$75,000,001 - 100,000,000	\$156,250.00	\$156,250.00	\$167,500.00	\$145,000.00
More than \$100,000,000	\$230,400.00	\$226,000.00	\$200,000.00	\$252,000.00

Administrative Costs

- Using data submitted to Department of Education and Early Development
- Can also survey districts if necessary for follow-up
- FY15 Actual Expenditures spreadsheet by Function
 - DEED School Finance web page
 - Available in PDF or Excel



Administrative Costs Cont'd.

- Main “admin” functions
 - 510 – District Admin: Superintendent and Board
 - 550 – District Admin Support: Business Office
- Less than half of districts have full-time Human Resources staff
 - Duties covered in either 510 or 550
- Very few districts have dedicated Public Relations staff
 - Duties covered by Superintendent (510)
 - Any dedicated staff charged to Admin Support (550)



Administrative Costs Relative to Total Costs – Statewide

- Admin Costs Relative to Total Costs -
Statewide
- Admin 510 & 550 = 5.3% of Expenditures &
Transfers
- Admin 510 & 550 = \$974/pupil (ADM)

Secretarial Staff

- Secretarial Staff
- School Secretaries coded to Function 450 – School Admin Support
- Function 450 also includes equipment such as copiers at schools
- Statewide: 2.6% of Expenditures & Transfers

Fuel & Electricity

- Not generally considered Admin costs
- Coded to Function 600 – Operations & Maintenance
- Object 435 – Energy: electricity, heating oil, natural or bottled gas, coal, gasoline, diesel and other energy
- Statewide: \$77,494,534 in FY15
 - 3.3% of Expenditures & Transfers

IT /Other Technology

- IT/Other Technology
- Most not considered Admin costs
- Coded to:
 - Function 100 – Instruction
 - Function 350 – Support Services Instruction
- Some coded to District Admin Support (550) or Maintenance (600) for specific software and equipment

Administrative Travel

- Staff Travel coded to Functions 400-780
 - (Note: Function 400 Travel for Principals)
- Statewide: \$6,631,549 in FY15
 - 0.3% of Expenditures & Transfers
- In geographically large districts, much is within district

Employee Benefits

- Statewide: \$963,854,749 in FY15; 40.9% of Expenditures & Transfers
 - 67% TRS & PERS
 - 30% Health Insurance
 - 3% Other – FICA, wk comp, unemployment, misc.
- NOTE: TRS & PERS lower in subsequent years due to SB119 transfer to retirement program



Employee Benefits Example

- FY17 Budgeted Rates – Fairbanks North Star Borough School District
- Health Insurance – 32.7%
- Unemployment – 0.15%
- Workers Comp – 1%
- FICA – 1.45% (certified) / 7.65% (classified)
- TRS – 12.56% or PERS 22%
- TOTAL: 47.86% Certified / 63.5% Classified



Thank you! Questions?



For More Information

Elizabeth Skiles Parady, J.D., Ed.D.

Executive Director

234 Gold St., Juneau, AK 99801

telephone [907-586-9702](tel:907-586-9702)

direct [907-364-3889](tel:907-364-3889)

fax [907-586-5879](tel:907-586-5879)

email lparady@alaskaacsa.org

@lparady1 *web* alaskaacsa.org





Contact Information

Amy Lujan

Executive Director

Alaska Association of School Business Officials
(ALASBO)

alasbo@gci.net

907-723-7415