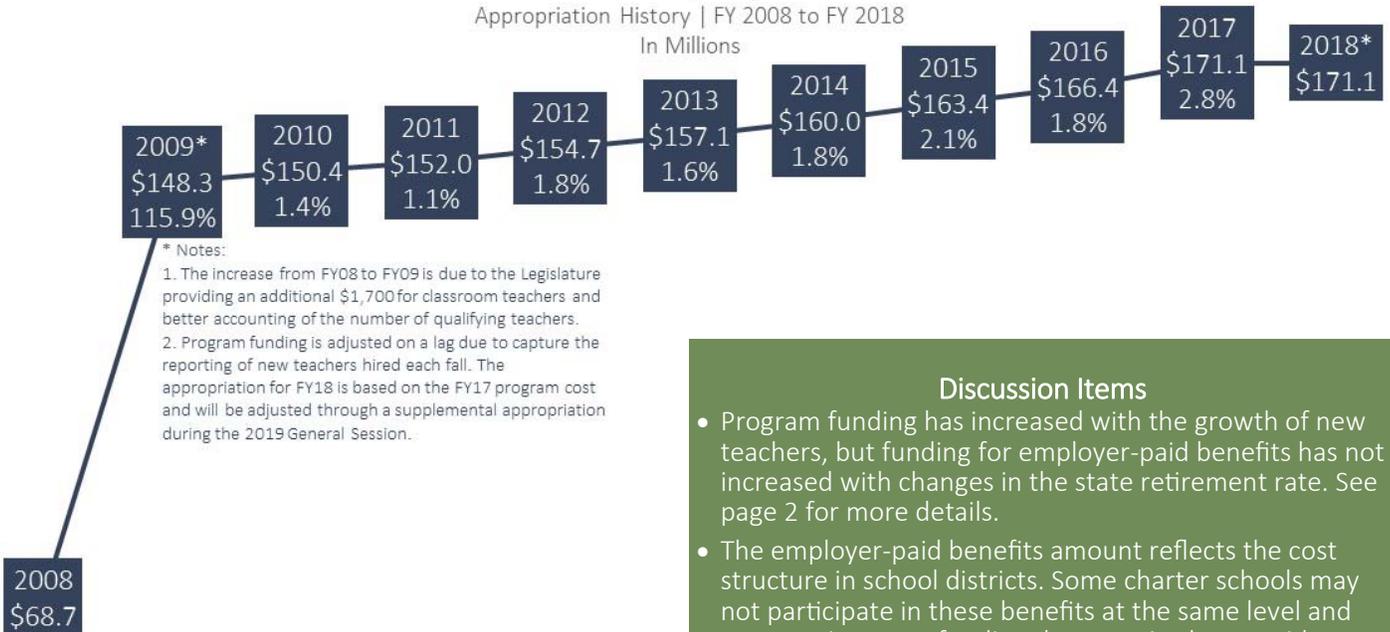


Educator Salary Adjustments Budget Review

What is it? Why is the State involved?

The Legislature created Educator Salary Adjustment (ESA) program during the 2007 General Session to attract and retain qualified teachers in the public schools. The Legislature provided direct ongoing salary adjustments (increases) of \$2,500 for all educators in the system (teachers and school-level administrators). The following year, the Legislature increased the amount for classroom teachers only (excluded school-level administrators) by an additional \$1,700. In both the \$2,500 and \$1,700 adjustments, the Legislature appropriated an additional 24.16 percent to pay the cost of employer-paid benefits (Retirement, Workers Compensation, Social Security, and Medicare). The total of \$4,200 for classroom teachers ensured a larger percentage increase for beginning teachers, increasing beginning teacher salaries statewide.

Educator Salary Adjustments
Appropriation History | FY 2008 to FY 2018
In Millions



Funding Distribution

- Proportional to the number of qualifying educators in local education agencies (LEAs), namely, School Districts, Charter Schools, and the Utah Schools for the Deaf and the Blind.
- All qualifying full-time equivalent (FTE) educators receive the same adjustment amount.
- Part-time educators receive a pro-rated amount.
- Educators must receive a satisfactory rating (or above) on their most recent evaluation.

Discussion Items

- Program funding has increased with the growth of new teachers, but funding for employer-paid benefits has not increased with changes in the state retirement rate. See page 2 for more details.
- The employer-paid benefits amount reflects the cost structure in school districts. Some charter schools may not participate in these benefits at the same level and may receive more funding than required to provide \$4,200 to qualifying educators.
- As a result of S.B. 186 (2017 General Session), LEAs will no longer report unsatisfactory evaluation results to the state. In FY 2018, LEAs reported only 7 educators with ratings below satisfactory. Beginning in FY 2019, the State Board of Education will distribute funding to LEAs based only on educator counts.
- Legislators may wish to use the Public Education Appropriations Funding Decision Tree to further review this program.

Educator Salary Adjustments - Distributions to Local Education Agencies in FY 2018 (Beginning Estimates)

LEA	Amount	LEA	Amount	LEA	Amount	LEA	Amount
Alpine	\$17,814,850	Granite	\$18,464,597	Piute	\$145,841	Wayne	\$181,700
Beaver	445,643	Iron	2,468,570	Rich	197,066	Weber	7,996,417
Box Elder	2,905,591	Jordan	13,585,809	San Juan	993,924	Salt Lake	7,349,863
Cache	4,271,007	Juab	615,292	Sevier	1,217,640	Ogden	3,601,010
Carbon	1,083,834	Kane	419,076	South Sanpete	990,580	Provo	3,924,329
Daggett	105,763	Millard	855,989	South Summit	437,015	Logan	1,666,592
Davis	18,226,104	Morgan	652,473	Tintic	109,737	Murray	1,712,874
Duchesne	1,488,850	Nebo	8,236,382	Tooele	3,834,890	Canyons	9,600,857
Emery	674,375	North Sanpete	686,655	Uintah	1,764,300	Charter Schools	18,700,372
Garfield	318,035	North Summit	312,488	Wasatch	1,812,835	USDB	825,998
Grand	491,228	Park City	1,661,790	Washington	8,085,697	Total	\$47,825,281

Educator Salary Adjustments Budget Review - Continued

Discussion Item: Employer-Paid Benefits

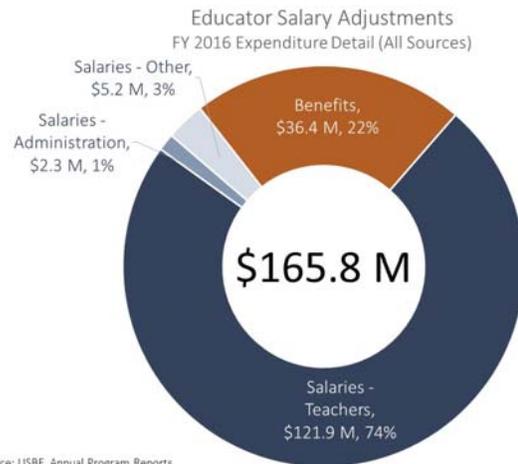
In addition to the \$2,500 and \$1,700 salary adjustment, in creating the program the Legislature appropriated additional funding to pay the costs associated with employer-paid benefits, namely, Retirement, Workers Compensation, Social Security, and Medicare. An additional 24.16 percent was included in the appropriation for each salary adjustment. This ensured that qualifying educators would receive the full adjustment amount as gross income on their paycheck. Assuming a full \$4,200 adjustment amount, an additional \$1,015 is added for employer-paid benefits, for a total of \$5,215 per educator.

Since the creation of the program, the Legislature has adjusted program funding levels for new educators entering the system. However, the Legislature has not adjusted program funding levels for changes in employer-paid benefits, namely, the state retirement rate. The retirement rate has increased from 15.72 percent in FY 2009 to 22.19 percent in FY 2018. This increases the original employer-paid benefit rate from 24.16 percent to 30.63 percent.

The cost to increase the employer-paid benefits rate in FY 2018 is estimated at \$8,751,900.

Employer Paid Benefit Rates Percent Add-on to Salary Base

Benefits	FY 2009	FY 2018
Retirement	15.72	22.19
Workers Compensation	0.79	0.79
Social Security	6.20	6.20
Medicare	1.45	1.45
Total	24.16	30.63



Recommended Legislative Action

The Legislature may wish to consider the following:

- Determine if the Educator Salary Adjustments program should continue as a categorical program, be moved to a block-grant program, or the funding moved into the WPU Value. The Public Education Appropriations Funding Decision Tree may be useful in this process.
- If the program remains a categorical program, the Legislature may wish to address the following items:
 1. Determine if the employer-paid benefits rate should be adjusted for changes in the state retirement rate. This action may have two components:
 - Direct staff to include the 30.63 employer-paid benefits rate in the estimates used to develop the FY 2018 supplemental and FY 2019 budgets.
 - Include an additional \$8,751,900 as an additional funding request for prioritization during the 2018 General Session.
 2. Provide guidance to the State Board of Education or arrange for legislation to be drafted detailing how to handle potential over-allocations due to differing employer-paid benefits costs and educator evaluation outcomes in the LEAs. Potential options may include:
 - Require LEAs to remit unused allocations due to lower employer-paid benefits costs or unsatisfactory performance back to the state.
 - Require LEAs to report employer-paid benefit costs and adjust program allocations accordingly.
 - If the Legislature intends that educator evaluation results continue to be factored into the allocation of program funding, direct the State Board of Education to develop a reporting mechanism to obtain this data.