



ANN ARBOR PUBLIC SCHOOLS
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ANN ARBOR PUBLIC SCHOOLS EMPLOYEE COMPENSATION

October 23, 2019

SUMMARY

Challenges Create Negative Impact for Teachers & Staff

- While the AAPS has consistently remained at or above the 96th percentile in Michigan state salary ranking over the previous decade, a number of changes in state law **have negatively impacted take home pay for teachers and district staff**, including:

- **2011 Public Act 152**

Requirement that mandates set contributions from employees for healthcare, and limits the amount that school districts can pay in healthcare contributions

- **2012 Public Act 300**

*Based on their selection, employees had to begin contributing or increase their existing contribution to retirement **MPSERS***

- **2017 Public Act 92**

Enhanced contributions required for participants hired since September 4, 2012; also established new employer contributions schedules

SUMMARY

Challenges Create Negative Impact for District

- While the AAPS has consistently remained at or above the 96th percentile in Michigan state salary ranking over the previous decade, a number of changes in state law **have negatively impacted the ability of the District to provide increases**, including:
 - Increased costs of **retirement** – currently the AAPS is required to pay \$.42 on every salary dollar in retirement contributions for every employee
 - Increased district costs for **healthcare**
 - Dramatically increased **needs among our students** that require staff and services to ensure needs are met
 - Increased costs required for **daily operations** to maintain the same level of service

SUMMARY

Steps We Have Taken in the AAPS

- The AAPS has consistently remained at or above the 96th percentile in Michigan state salary ranking over the previous decade **as a result of focused effort:**
 - **Innovated additional revenue streams**, including lease of cell towers, sale of interests in AADL, and sale of property
 - **Reduced costs** through outsourcing of essential services
 - Worked to **attract students *from within the AAPS attendance area*** to return to our schools to ensure increased enrollment which is the only mechanism for increasing operating costs via per pupil foundation funding
 - Consistently **placed millage and bond referenda** to continue to reduce pressure on the general fund, ensuring maximum funds are available for salaries and benefits

Sinking Fund 2013 & 2017; Special Education X2; 2015 Bond; 2018 Operating Millage (w/ cushion to prevent rollback impact); & 2019 Bond

SUMMARY

- Despite steadily decreasing state funding every year over the last decade, AAPS has remained dedicated to the goals of employing:
 - *Among the highest paid teachers & staff in Michigan*
 - *The most competent and caring teachers in Michigan*
 - *The best supported teachers in Michigan*

SUMMARY

What We Have Achieved Together in the AAPS

- Remain at the 96th percentile in Michigan teacher salaries ranking
- Continue to attract and retain a high-performing AAPS teachers and staff
- Continue as a high-performing school district
- Added and continue performing arts and other specialized program offerings essential to student engagement and achievement—programs our parents and community have requested
 - *These are quality programs our students need and deserve, our parents demand, and our community expects.*
 - *Quality teachers, along with quality programs, are integral to sustaining strong student enrollment numbers*
- Continue to offer a quality educational experience

SUMMARY

Next Steps in Advocacy Work

- Continue work in support of a new Michigan School Funding Model School Finance Research Collaborative
- Support Governor Whitmer's efforts to enhance education funding, specifically a differentiated funding model
- Ensure legislative representation – at all levels - that will support quality public schools and supportive education policy

AAPS State Average Teacher Salary Trend

Year	Total # Districts in State	AAPS State Salary Ranking #	AAPS State Salary Percentile Ranking	AAPS Average Teacher Salary
2017/18	825	28	96.60%	\$71,546
2015/16	839	29	96.54%	\$71,564
2013/14	829	27	96.74%	\$72,550
2011/12	797	31	96.11%	\$72,122

Source: Michigan Department of Education Bulletin 1014

2017-18 Washtenaw County Districts Average Teacher Salaries Comparison

District Name	Enrollment	State Enrollment Ranking	Average Teacher Salary	State Rank Teacher Salary
Saline Area Schools	5,271	57	\$72,388	23
Ann Arbor Public Schools	17,730	4	\$71,546	28
Lincoln Consolidated School District	3,777	96	\$70,092	34
Chelsea School District	2,449	177	\$66,217	68
Milan Area School District	2,185	191	\$63,139	116
Manchester Community Schools	987	361	\$59,261	252
Dexter Community School District	3,628	104	\$57,263	197
Whitmore Lake Public School District	781	420	\$55,655	306
Ypsilanti Community Schools	3,904	87	\$48,391	451

\$842
difference

Source: MDE 2016-17 Bulletin 1014

2017-18 Average Teacher Salary Comparison

Michigan	\$61,908
Comparable-Sized Districts	\$69,674
Ann Arbor Public Schools	\$71,546

Selected 2017-18 Data for Michigan Public Schools
Grouped by Membership
Bulletin 1014 Insert

Membership Group Code	Classification of School District Based on Membership	Number of Districts	Pupil Membership	General Fund Per Pupil Revenues and Incoming Transfers	General Fund Per Pupil Expenditures and Outgoing Transfers	Total FTE Basic Program Teachers	Average Teacher Salary
A	50,000 and over	1	50,227	\$13,034	\$12,604	1,782	\$57,997
B	20,000 to 49,999	2	48,267	\$10,074	\$10,664	2,118	\$69,922
C	10,000 to 19,999	13	184,300	\$10,650	\$11,440	7,784	\$69,674
D	5,000 to 9,999	47	322,694	\$10,218	\$10,737	14,472	\$65,022
E	4,500 to 4,999	9	43,024	\$10,416	\$10,944	1,630	\$67,689
F	4,000 to 4,499	12	50,504	\$10,673	\$10,725	2,129	\$61,458
G	3,500 to 3,999	23	86,531	\$9,966	\$10,482	3,789	\$59,890
H	3,000 to 3,499	25	79,876	\$9,719	\$10,089	3,368	\$62,147
I	2,500 to 2,999	41	112,478	\$9,772	\$10,137	4,612	\$61,081
J	2,000 to 2,499	34	75,663	\$9,796	\$10,003	3,040	\$58,275
K	1,500 to 1,999	59	102,467	\$9,687	\$9,837	3,952	\$57,632
L	1,000 to 1,499	94	116,428	\$9,652	\$9,818	4,639	\$55,301
M	500 to 999	205	146,180	\$9,934	\$10,007	3,965	\$53,593
N	Below 500	260	60,690	\$10,532	\$10,651	1,459	\$46,993
* State Totals		825	1,479,329	\$10,190	\$10,548	58,738	\$61,908

2016-17 National Average Teacher Salary

	STATE	RANK	AVG TEACHER SALARY
	New York	1	\$ 78,576
	Connecticut	2	\$ 78,330
	California	3	\$ 77,429
	Alaska	4	\$ 77,307
	Massachusetts	5	\$ 74,468
2017-18	Ann Arbor Public Schools	--	\$ 71,546
	Rhode Island	6	\$ 69,795
	New Jersey	7	\$ 68,893
	Oregon	8	\$ 67,384
	Maryland	9	\$ 65,852
	Washington	10	\$ 64,987
	Virginia	11	\$ 63,827
	Pennsylvania	12	\$ 63,171
	Michigan	13	\$ 62,442
2017-18	Michigan	--	\$ 61,908

Source: 24/7 Wall Street, 5/16/18 (<https://usat.ly/2rOcrnl>)

Current AAEA Teacher Salary Schedule Based on 184 Days

Degree Step	BA	BA+30	MA	MA+30 BA+60/MA 2MA	Ed Spec.	BA+90/MA	PH.D.
2	41,342	45,084	46,899	48,277	49,488	50,896	52,347
3	43,906	47,580	50,195	51,598	52,883	54,327	55,887
4	46,431	50,735	53,568	55,024	56,385	57,847	59,505
5	49,129	54,323	57,015	58,585	59,968	61,491	63,148
6	51,827	57,156	60,617	62,188	63,612	65,161	66,924
7	54,566	60,820	64,225	65,919	67,339	68,923	70,733
8	57,426	64,100	67,869	69,803	71,331	73,109	75,147
9	60,316	67,350	71,570	73,687	75,256	77,346	79,477
10	65,622	73,406	78,285	79,976	81,710	83,727	86,000
Longevity 1	66,277	74,140	79,068	80,776	82,528	84,563	86,860
Longevity 2	66,934	74,874	80,601	81,577	83,344	85,400	87,721

→ **Steps Increases Range 5.03% - 9.38%**

→ **Educational Lane Increases Range 5.07% - 9.38%**

Degree Step	BA	BA+30	MA	MA+30 BA+60/MA 2MA	Ed Spec.	BA+90/MA	PH.D.
2							
3	6.20%	5.54%	7.03%	6.88%	6.86%	6.74%	6.76%
4	5.75%	6.63%	6.72%	6.64%	6.62%	6.48%	6.47%
5	5.81%	7.07%	6.43%	6.47%	6.35%	6.30%	6.12%
6	5.49%	5.22%	6.32%	6.15%	6.08%	5.97%	5.98%
7	5.28%	6.41%	5.95%	6.00%	5.86%	5.77%	5.69%
8	5.24%	5.39%	5.67%	5.89%	5.93%	6.07%	6.24%
9	5.03%	5.07%	5.45%	5.56%	5.50%	5.80%	5.76%
10	8.80%	8.99%	9.38%	8.53%	8.58%	8.25%	8.21%
Longevity 1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Longevity 2	0.99%	0.99%	1.94%	0.99%	0.99%	0.99%	0.99%

Cost of Steps and Raises including mandated FICA and MPERS

	FTE	Cost of 1% Raise	Cost of Steps	Total	Percentage of Raises & Steps
Teachers (AAEA)	1,405	\$ 1,412,692	\$ 4,205,895	\$ 5,618,587	85.50%
Para Pros (AAEA/TA)	415	\$ 131,882	\$ 228,478	\$ 360,360	5.48%
Principals (AAAA)	68	\$ 108,482	\$ 136,162	\$ 244,644	3.72%
Office Professionals (AAEA/OP)	121	\$ 67,933	\$ 114,348	\$ 182,281	2.77%
Instructional (ASCSA)	24	\$ 22,979	\$ 38,503	\$ 61,482	0.94%
Non-Bargained	37	\$ 36,729	\$ -	\$ 36,729	0.56%
Technical (TSP)	23	\$ 15,275	\$ 14,714	\$ 29,989	0.46%
Directors	14	\$ 19,169	\$ -	\$ 19,169	0.29%
Superintendent's Cabinet	8	\$ 17,826	\$ -	\$ 17,826	0.27%
	2,115	\$ 1,832,967	\$ 4,738,100	\$ 6,571,067	100.00%

Teacher Salary History

School Year	Percent Increase	Step Increase	Foundation Increase	Fund Balance Percent	Fund Balance Amount	Fund Balance Incr/Decr	
2006-2007	2.50%	Full Step	\$ 210		\$ 27,207,021		
2007-2008	2.00%	Full Step	\$ 48	16.30%	\$ 31,920,876	\$ 4,713,855	
2008-2009	1.75%	Full Step	\$ 56	13.90%	\$ 27,914,369	\$ (4,006,507)	
2009-2010	-2.25%	Full Step	\$ (387)	8.20%	\$ 17,331,456	\$ (10,582,913)	The reduction was for 3/4 of the year
2010-2011	0.00%	Full Step	\$ (15)	10.50%	\$ 20,500,576	\$ 3,169,120	Delay step increases for 135 days. Delay saves money for current year only
2011-2012	0.00%	Full Step	\$ (311)	8.50%	\$ 16,634,969	\$ (3,865,607)	
2012-2013	0.00%	Full Step	\$ -	4.70%	\$ 9,426,763	\$ (7,208,206)	
2013-2014	-3.00%	Full Step	\$ 30	4.60%	\$ 8,818,884	\$ (607,879)	
2014-2015	0.00%	No Step	\$ 50	8.30%	\$ 16,762,959	\$ 7,944,075	Lanes at 50%
2015-2016	1.00%	Full Step	\$ 70	10.20%	\$ 21,508,022	\$ 4,745,063	1% to Step 10 and L1 and L2, Step increases delayed for 50% of the year.
2016-2017	1.00%	Full Step	\$ 10	8.50%	\$ 19,880,752	\$ (1,627,270)	Step 1 is eliminated, delayed step increases for 55 days
2017-2018	1.00%	Full Step	\$ 110	7.20%	\$ 18,360,251	\$ (1,520,501)	
2018-2019	0.00%	No Step	\$ 130	6.82%	\$ 17,543,462	\$ (816,789)	\$750 Increase to Longevity 2
2019-2020	TBD	TBD	\$ 120				Agreed in June 2019 to negotiate Health in October and Compensation in December

Per Pupil Foundation Allowance 11 Years Later = **\$193** Less



Not Adjusted for Inflation

AAPS Only District In County Receiving Less Funding Per Student Than 11 Years Ago

	<u>2008-09</u>	<u>2019-20</u>	<u>Incr./</u> (<u>Decr.</u>) <u>Per Student</u>
Ann Arbor	\$9,723	\$9,530	(\$193)
Ypsilanti	\$7,953	\$8,357	\$404
Chelsea	\$7,650	\$8,138	\$488
Dexter	\$7,938	\$8,328	\$390
Lincoln	\$7,316	\$8,111	\$795
Manchester	\$7,513	\$8,111	\$598
Milan	\$7,316	\$8,111	\$795
Saline	\$7,643	\$8,133	\$490
Whitmore Lake	\$7,316	\$8,111	\$795

\$409M Loss of Revenue Since 2005-06 Based On The Consumer Price Index (Inflation)

From Year	To Year	CPI %	AAPS Foundation Allowance With CPI	Actual AAPS Foundation Allowance	FTE Enrollment	Foundation Allowance Variance (Actual-With CPI)	AAPS Cumulative Addition (Reduction) Due To Foundation	Compounded CPI
2005	2006		\$ 9,409	\$ 9,409	16,852.47			100.00%
2006	2007	3.20%	\$ 9,710	\$ 9,619	16,730.56	\$ (91)	\$ (1,523,953)	103.20%
2007	2008	2.80%	\$ 9,982	\$ 9,667	16,517.79	\$ (315)	\$ (5,202,616)	106.09%
2008	2009	3.80%	\$ 10,361	\$ 9,723	16,438.53	\$ (638)	\$ (10,492,473)	110.12%
2009	2010	-0.40%	\$ 10,320	\$ 9,336	16,432.29	\$ (984)	\$ (16,166,747)	109.68%
2010	2011	1.60%	\$ 10,485	\$ 9,320	16,562.44	\$ (1,165)	\$ (19,294,541)	111.44%
2011	2012	3.20%	\$ 10,820	\$ 9,020	16,657.71	\$ (1,800)	\$ (29,991,812)	115.00%
2012	2013	1.70%	\$ 11,004	\$ 9,020	16,681.65	\$ (1,984)	\$ (33,103,473)	116.96%
2013	2014	1.50%	\$ 11,169	\$ 9,050	16,479.79	\$ (2,119)	\$ (34,928,762)	118.71%
2014	2015	0.80%	\$ 11,259	\$ 9,100	16,834.32	\$ (2,159)	\$ (36,342,716)	119.66%
2015	2016	0.70%	\$ 11,338	\$ 9,170	17,113.37	\$ (2,168)	\$ (37,095,944)	120.50%
2016	2017	2.10%	\$ 11,576	\$ 9,180	17,460.62	\$ (2,396)	\$ (41,831,270)	123.03%
2017	2018	2.10%	\$ 11,819	\$ 9,290	17,698.56	\$ (2,529)	\$ (44,756,830)	125.61%
2018	2019	2.50%	\$ 12,114	\$ 9,410	17,945.78	\$ (2,704)	\$ (48,530,973)	128.75%
2019	2020	1.74%	\$ 12,325	\$ 9,530	17,855.78	\$ (2,795)	\$ (49,908,694)	130.99%
		27.34%					\$ (409,170,805)	

AAPS Revenue Lost Since 2005-06

\$409M

Historical Timeline

2011 Public Act 152

Healthcare Contributions

- 2011 Public Act 152 (PA 152) created legislation that limits the amount public employers pay toward employee medical benefit plans, beginning January 1, 2012
- The State of Michigan caps the amount that school districts can pay toward employee medical benefits (no more than 80% of medical benefit premiums)
- **This Public Act requires all public school employees to contribute a set amount to their healthcare**

Historical Timeline

Michigan Public School Employee Retirement Act (MPSERSA) 2010 Public Act 75

- **2010 Public Act 75 (PA 75) required employees to make an additional 3% contribution to MPSERS**
- The MEA and AFT filed a lawsuit
- The employees stopped making payments in 2012
- On December 20, 2017, the Supreme Court issued a 6-0 decision, finding that Public Act 75 violated the Contract Clauses of the federal and state constitutions
- The courts found that PA 75 was unconstitutional
- **The \$550 million collected was returned with minor interest to school district, which was returned to their employees in 2018**

Historical Timeline

Michigan Public School Employee Retirement Act (MPERSA) 2012 Public Act 300

- On September 4, 2012, in response to the Michigan Court of Appeals August 16, 2012 decision regarding PA 75, the Michigan Legislature enacted Public Act 300 (PA 300) which amended the MPERSA PA 300 requiring all actively employed members of MPERS to make certain selections regarding their pensions and retiree benefits
- The MEA and AFT sued again but the courts found PA 300 to be constitutional
- **Based on their selection, employees had to begin contributing or increase their existing contribution to MPERS by an additional 3% to 11% of their pay**

Historical Timeline

Michigan Public School Employee Retirement Act (MPERSA) 2017 Public Act 92

- **No changes to existing retiree pension and health care benefits**
- Elimination of purchase of service credit for those who first worked prior to July 1, 2010
- Enhanced Contributions for defined contribution participants hired since September 4, 2012. **A new defined contribution plan with new higher employer contribution matches**
- **New hybrid retirement plan (it includes a pension and a savings component) is established starting February 1, 2018**
- **PA 92 establishes new employer contribution schedules and codifies the timing of actuarial experience studies**
- The law also stipulates the legislature to be receiving additional reports outlining the financial condition of the retirement plan

As a reminder...

- AAPS, just like other districts, is levying the maximum millage allowed by Michigan law for operating purposes
- AAPS passed an additional 3 mills so it does not lose funding due to the Headlee Amendment
- AAPS cannot raise funds for salaries through a Bond Issue or Sinking Fund
- All Bond and Sinking fund work must be contracted
- None of the funds raised by either Bond Funds or Sinking Funds can be used to pay AAPS employees
- Importance of Bond and Sinking Funds is to protect General Fund dollars

In Summary

- 2017-18 **AAPS average teacher salaries** are in the 96.60 percentile, ranking 28th out of 825 districts in Michigan at **\$71,546**
- 2017-18 **State of Michigan** average teacher salary is **\$61,908**
- 2017-18 **similar-sized districts in Michigan** average teacher salary is **\$69,674**
- Based on **184 working days**, the salary schedule starts at **\$41,342 and ends at \$87,721** with Longevity Pay
- **Teachers can earn additional pay** in multiple ways: department chair, tutoring, coaching, theatre, band, orchestra, clubs, training, summer school, webmaster, summer school, etc.

In Summary

- Teacher **step increases** range **5.03% - 9.38%**
- Steps were given **11 out of previous 13 years**
- Teacher **educational lane increases** range **5.07% - 9.38%**.
- Lanes were given **12 of last 13 years**
- A **1%** raise for our **1,405** teachers will cost **\$1,412,692**;
Steps will cost **\$4,205,895** for a **total \$5,618,587**
- **Teachers make up 66% of the staff and would receive 85.5% of raises and steps**
- **The Teachers Union and the District agreed in June 2019 to begin to negotiate Health Benefits in October 2019 and Salaries in December 2019**

In Summary

- In 2019-20, the district is receiving **\$193 less** per student from the State of Michigan than it did in 2008-09
- AAPS is the **only district in the county** receiving less per student; **other districts are receiving up to \$795 more per student** since 2008-09
- **AAPS has lost \$409M** in revenue since 2005-06 factoring the consumer price index (Inflation)
- **AAPS loss of revenue for 2019-20 is \$49.9M**
- Various Michigan Public Acts have caused public school employees to contribute significantly more to their health care and retirement plans