

Wirepoints Report

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Administrators over kids: Seven ways Illinois' education bureaucracy siphons money from classrooms

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Introduction

Listen to education officials' demands for more money and it's easy to believe Illinois grossly underspends on K-12 education. A [\\$7.2 billion funding lawsuit](#) to double state contributions to classroom spending, a [\\$40,000 minimum wage](#) demand for teachers, and lawmakers' rejection of limits to school district borrowing might bolster that impression.

But the truth is Illinois already spends a lot on education – [more than any other state](#) in the Midwest. It's just that much of the money is going to all the wrong places.

At [\\$14,180 per student](#), Illinois spends far more than its neighbors on education – 44 percent more on a per student basis than Kentucky and Indiana, 22 percent more than Michigan and 21 percent more than the national average.

The problem arises when all those dollars are doled out. Billions of dollars are being siphoned away from the poorest districts by the state's burgeoning education bureaucracy.

Just look at the facts:

- Illinois' non-teaching staff has [ballooned by 50 percent](#) in the past two decades, while student enrollment has grown just 11 percent.
- Illinois has [more school districts](#) than the nation's four most efficient, big-population states (Florida, North Carolina, Virginia and Georgia) have, combined. That means thousands of excess administrative and non-teaching staff in Illinois.
- Pension costs have grown so quickly they've devoured nearly 50 percent of the state's contribution to downstate education in recent years. In 2017 alone, the state spent \$11 billion on education for downstate districts – \$5 billion of that went to pay for downstate teacher pension costs.

Illinois far outspends neighbors and entire Midwest in K-12 per-student funding

2016 average total spending on education per student

| State | How much more Illinois | |
|-----------------|----------------------------|----------------------------------|
| | State spending per student | spends compared to nearby states |
| Illinois | \$14,180 | -- |
| N. Dakota | \$13,373 | 6% |
| Minnesota | \$12,382 | 15% |
| Nebraska | \$12,299 | 15% |
| Ohio | \$12,102 | 17% |
| U.S. average | \$11,762 | 21% |
| Michigan | \$11,668 | 22% |
| Wisconsin | \$11,456 | 24% |
| Iowa | \$11,150 | 27% |
| Missouri | \$10,313 | 37% |
| Kansas | \$9,960 | 42% |
| Kentucky | \$9,863 | 44% |
| Indiana | \$9,856 | 44% |
| S. Dakota | \$9,176 | 55% |

Source: U.S. Census Bureau, "2016 Annual Survey of School System Finances"

Illinois is spending billions on district offices, administrators and multi-million dollar pensions instead of providing more classroom funding. That isn't fair to poor districts like Taylorville CUSD 3, which only spends [\\$7,400 per student](#) and is one the plaintiffs in the lawsuit.

Illinois' high per-student spend shows why the state doesn't need to hit up Illinoisans for more education money. Instead, the state just needs to redirect the money it already has to the places and students that need it most.

The education establishment knows there isn't enough money to both preserve their system and fund Illinois' neediest districts. But officials don't want to give up the system they benefit from.

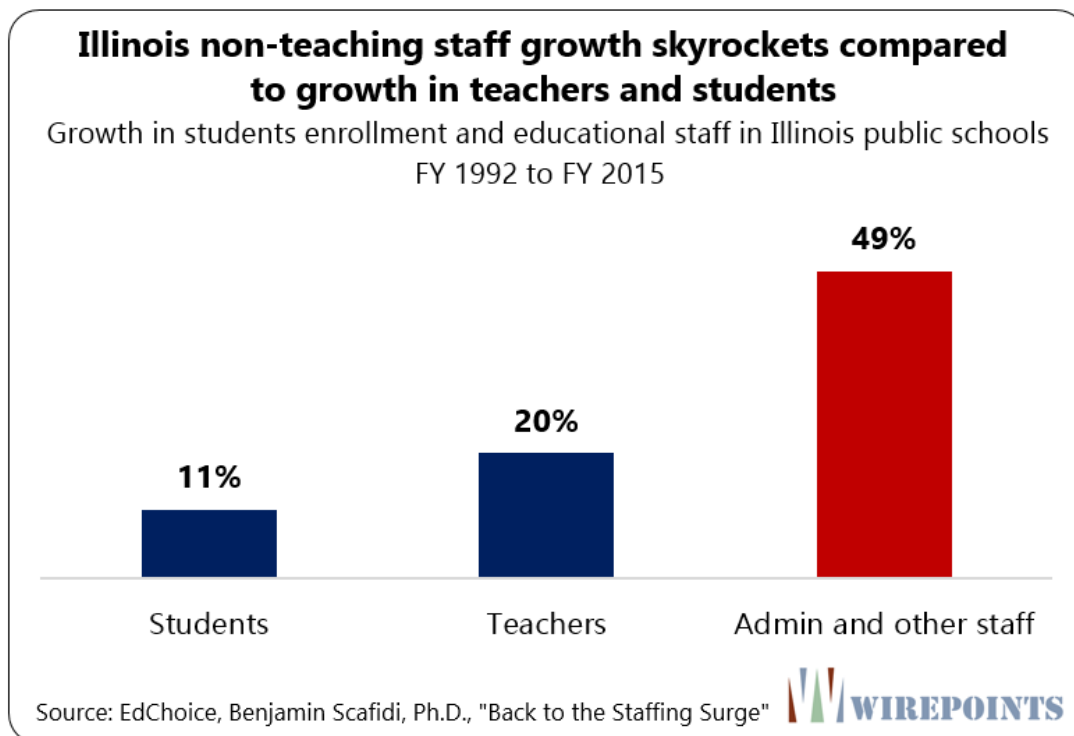
So, they mislead Illinoisans into thinking more money is the only solution. The \$7.2 billion lawsuit is the most egregious example of that – it's all about the self-preservation of Illinois' education bureaucracy.

Here's what the education establishment doesn't want changed:

1. Growing bureaucratic bloat

The growth of non-teaching staff in Illinois has skyrocketed compared to the growth in the number of students being taught.

Between 1992 and 2015, school administrators and other non-teaching staff grew [by nearly 50 percent](#) in Illinois. In contrast, teachers grew just 20 percent and student enrollment grew just 11 percent.



The state would have [33,000 fewer staff today](#) if Illinois administrative and non-teaching staff had simply grown at the same rate as student enrollment since 1992.

At an all-in cost of \$60,000 per staff member, that's some \$2 billion annually that non-teaching staff takes away from classrooms today.

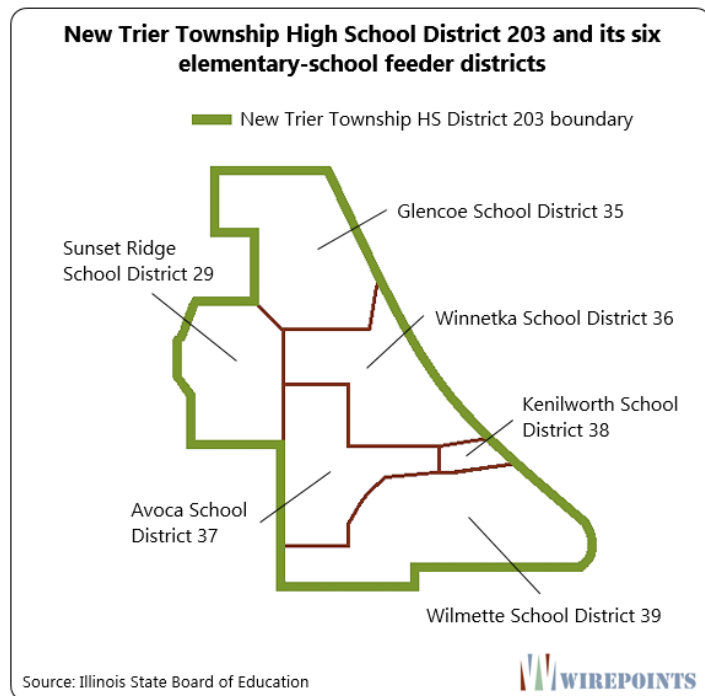
Some officials might defend the growth of non-teaching staff as a result of the development of integration, special education and social services in schools. However, Ben Scafidi of Kennesaw State University [found the expansion](#) of those programs – and a massive hiring boom – occurred from 1950 through the 1980's, long before the more recent 1992-2015 surge in administrative hiring.

2. Expensive, duplicative district administrations

The growth of non-teaching staff has also resulted in bloated district administrations across the state.

Take the New Trier Township, for example, which has [six different K-8 school districts](#) that feed into it. Seven separate districts means lots of superintendents, assistant superintendents and other district staff – people that don't work in schools.

In total, 136 district office administrators work across seven separate district offices. Many of their positions – from bookkeeping to technology to HR – are duplicative. They could be consolidated if New Trier became a unit district.



The area's seven superintendents are among the highest paid in the state. Each receive compensation packages ranging from [\\$210,000 to \\$360,000](#) annually, according to the Illinois State Board of Education's salary database.

District office staffs are expensive, too. In total, salaries in the seven districts average \$92,000 and cost over \$1,000 per student. And that doesn't include pensions and other benefit costs. Career employees in district offices can expect average pensions worth \$2 to \$4 million.

There are nearly 140 district office staff in the New Trier area

District office staff salary data for New Trier school districts, 2015

| School District | Number of schools | Average daily attendance | District office staff | District office employee salaries total | Average employee salary | District office cost per student |
|---------------------------------|-------------------|--------------------------|-----------------------|---|-------------------------|----------------------------------|
| Sunset Ridge School District 29 | 2 | 441 | 10 | \$1,245,298 | \$124,530 | \$2,825 |
| Winnetka School District 36 | 5 | 1,625 | 23 | \$2,090,405 | \$90,887 | \$1,286 |
| Avoca School District 37 | 2 | 662 | 8 | \$777,925 | \$97,241 | \$1,174 |
| Wilmette School District 39 | 6 | 3,370 | 41 | \$3,331,635 | \$81,259 | \$989 |
| New Trier Township HS Dist. 203 | 2 | 3,977 | 41 | \$3,818,901 | \$93,144 | \$960 |
| Kenilworth School District 38 | 1 | 488 | 5 | \$449,722 | \$89,944 | \$922 |
| Glencoe School District 35 | 3 | 1,183 | 8 | \$762,180 | \$95,273 | \$644 |
| Combined | 21 | 11,747 | 136 | \$12,476,066 | \$91,736 | \$1,062 |

Source: Data on district employees and salaries obtained from a 2015 Illinois Policy Institute FOIA request to each school district; Illinois State Board of Education

Unlike the district's salaries, those pensions are paid for by taxpayers across the state through their income taxes.

This type of excess is not just in areas like New Trier. Even less wealthy communities like [Homewood-Flossmoor](#) have overlapping districts and executive-style pay for its administrators. Overlapping districts are particularly common in Cook, the collar counties and some areas in southern Illinois.

3. Too many school districts

Illinois has 852 school districts, many of which are overlapping and duplicative.

[By comparison](#), Florida has just 67 districts. North Carolina and Virginia have just 115 and 132 districts, respectively. Even California, with three times the number of students as Illinois, has just 160 more districts more than Illinois.

Illinois' overall inefficiency is due to how its districts are organized.

- [Over a third](#) of Illinois districts serve 600 students or less. (129 have fewer than 300 students.)
- [Nearly 45 percent](#) of districts serve just one to two schools.
- And [over half](#) the districts in Illinois are separate elementary and high school districts, rather than combined unit districts.

Illinois school districts serve far fewer students compared to many other peer states

Students per district in states with 1 million or more students, 2017

| 2017 | | | |
|-----------------|--------------------|----------------------------|-------------------------------|
| State | Student enrollment | Number of school districts | Average students per district |
| Florida | 2,817,076 | 75 | 37,561 |
| North Carolina | 1,439,292 | 115 | 12,516 |
| Virginia | 1,293,538 | 132 | 9,800 |
| Georgia | 1,764,215 | 207 | 8,523 |
| California | 6,225,179 | 1,028 | 6,056 |
| Texas | 5,343,893 | 1,203 | 4,442 |
| New York | 2,501,186 | 691 | 3,620 |
| Washington | 1,079,546 | 307 | 3,516 |
| Indiana | 1,020,686 | 402 | 2,539 |
| Illinois | 2,053,720 | 852 | 2,410 |
| Pennsylvania | 1,716,262 | 796 | 2,156 |
| New Jersey | 1,314,857 | 702 | 1,873 |
| Michigan | 1,469,287 | 829 | 1,772 |
| Ohio | 1,800,329 | 1,026 | 1,755 |
| Arizona | 1,060,273 | 715 | 1,483 |

Source: National Education Association, "Rankings and Estimates Report 2018"

An extra layer of district bureaucracy in those districts is wasteful.

Hundreds of Illinois school districts are overlapping, inefficient

A third of school districts serve less than 600 students

| Number of students enrolled | Number of districts | Percent of total |
|-----------------------------|---------------------|------------------|
| 10,000 or more | 24 | 3% |
| 2,500 to 9,999 | 160 | 19% |
| 600 to 2,499 | 382 | 45% |
| 599 or less | 286 | 34% |
| Total | 852 | |

44% of school districts have only 1 or 2 schools

| Number of schools in a district | Number of districts | Percent of total |
|---------------------------------|---------------------|------------------|
| 1 school | 216 | 25% |
| 2 schools | 162 | 19% |
| 3 schools | 189 | 22% |
| 4 or more | 291 | 34% |
| Total: | 858 | |

Less than half of school districts are unit districts

| District type | Number of districts | Percent of total |
|---------------|---------------------|------------------|
| Elementary | 368 | 43% |
| Secondary | 98 | 12% |
| Unit | 386 | 45% |
| Total | 852 | |

Source: Illinois State Board of Education, 16-17 Fall Enrollment Report, 2017 Annual Report

Illinois could cut its districts by 40 percent immediately if it were to combine its high school districts with their corresponding feeder elementary districts. Creating unit districts would cut the need for hundreds of excess administrators and free up hundreds of millions of education dollars annually for classrooms.

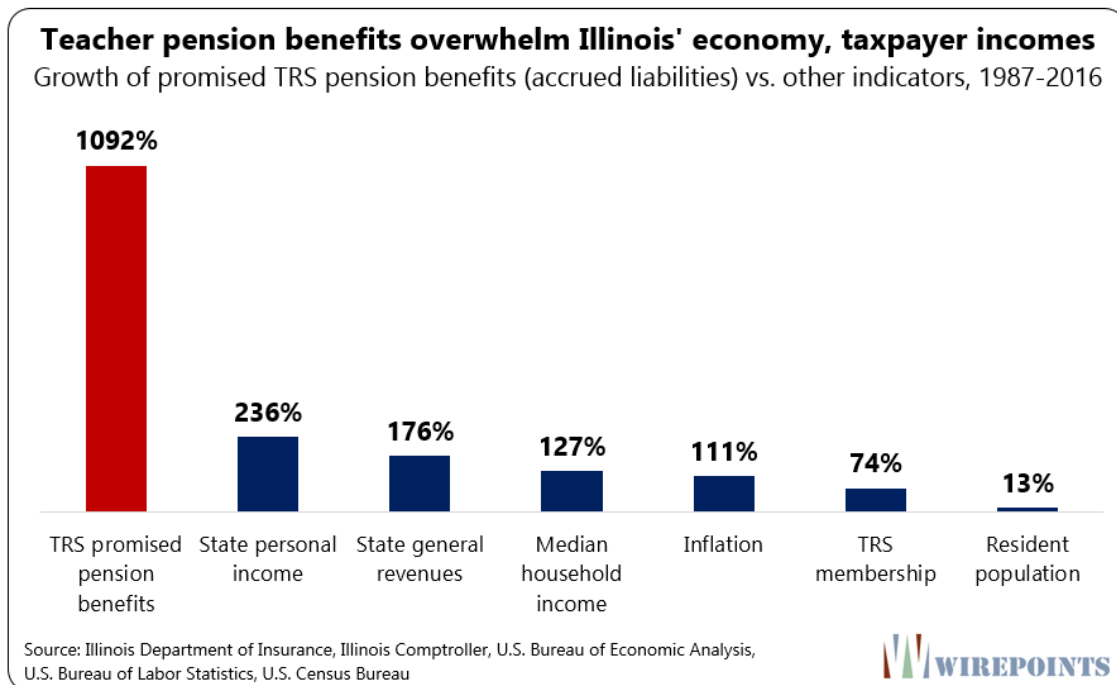
4. Pension benefits (unless they're increased)

The Illinois Constitution says that pension benefits “shall not be diminished or impaired.” The Illinois Supreme Court [has defended](#) the clause even for benefits that have yet to be earned. Given the one-sided nature of the clause, past Illinois lawmakers should have been extremely careful about giving away any new benefits. But they weren't.

The boosting of salaries and perks, and the willingness of politicians to overpromise pension benefits, has contributed to [the wild growth](#) of total benefits owed to teachers over the past several decades.

In 1987, total pension benefits owed to active teachers and retirees totaled just \$9.9 billion. Today, that number has ballooned to \$118.6 billion. That's an increase of almost 9 percent each year for nearly 30 years.

In total, benefits owed to teachers have grown 1,092 percent since 1987. That's eight times more than Illinoisans' household incomes (127 percent) and nearly ten times more than inflation (111 percent).



Politicians have doled out all sorts of new benefits over the past few decades: compounding COLA increases, increased benefit formulas, early retirement options, sick leave accumulation and more. Some have been given away for free. Other benefits, when charged for, were grossly underpriced.

The Teachers Retirement System [publishes](#) the entire list of changes to the pension plan since 1915, including new sweeteners and bigger benefits. The “best of” since 1957 are included below. Watch for the continuous improvement in the COLA benefits, one of the more expensive benefits.

Lawmakers continually granted teachers new pension benefits over decades

History of major pension benefit increases and sweeteners granted to Illinois teachers, 1957-2016

| | |
|-------------|---|
| 1957 | The maximum retirement amount became \$8,000 per year. |
| 1959 | 170 days of work equal to 1 year of service. |
| 1961 | The maximum retirement allowance became \$12,000 per year. |
| 1967 | Working four or more clock hours daily now considered full-time employment. |
| 1969 | Retirement became permitted at age 60 with 10 years; age 62 with 5 years; and age 55 with 20 years of service. |
| 1971 | Average final salary became based on the highest four consecutive years within the last 10 years of service. |
| 1971 | New pension formula: 1.67% for first 10 years; 1.9% for next 10; 2.1% for next 10; and 2.3% for years over 30. |
| 1971 | Maximum starting pension as a percentage of salary became 75 percent. |
| 1971 | COLA increased to 2 percent simple. |
| 1972 | Credit for one-half year or 85 days of sick leave granted. |
| 1978 | COLA increased to 3 percent simple. |
| 1979 | An Early Retirement Option (ERO) is established for members |
| 1980 | TRS' health insurance program established with 50 percent subsidy of premiums. |
| 1981 | Employer pick-up (tax-sheltering) of employee contributions allowed |
| 1984 | Maximum of one year of service for 170 or more days sick leave credit granted |
| 1985 | Insurance could be paid by the member's school district. |
| 1990 | Post-retirement annual increases compounded annually. |
| 1990 | Part-time and substitute teachers now members of TRS. |
| 1991 | State subsidy for health insurance premiums became 75 percent. |
| 1991 | TRS retirees allowed to teach without restriction in colleges and universities. |
| 1998 | Pension Formula upgraded: 2.2 percent per year. TRS member contributions increased by 1 percent. |
| 1998 | Sick leave could be used for credit, if not compensated in any way. |
| 1998 | State subsidy for the Group Insurance Program became 5 percent per year up to a 20-year maximum. |
| 1999 | Early Retirement Option extended to June 30, 2005 |
| 2003 | Service credit became permitted for members with up to 2 years of unused sick leave |
| 2006 | Provided additional exemptions from employer contributions for excess salary increases. |
| 2013 | Early Retirement Option extended for another three years. |

Source: Teachers' Retirement System, Evolution of TRS of the State of Illinois Benefit Structure

5. Multi-million dollar pension benefits

The education establishment has created a cushy bureaucracy that is now creating millionaires in retirement. That's not an exaggeration.

There are more than 30,000 school employees – those covered by the Teachers' Retirement System – who get over \$100,000 in total compensation, according to ISBE's [2016 salary database](#).


For those who work a full career – and most of them do – they'll take in lifetime pensions, beginning in their late 50s, of at least \$3 million.

And latest figures show that the average career teacher who recently retired will have a starting pension of \$75,000 and earn \$2.4 million during his or her retirement.

The top 10 pensioners in TRS are on track to receive far more than that. They're all former administrators who began collecting benefits in their 50's. All of them can expect to collect more than \$8 million over the course of their retirement.

| Top TRS pensioners in Illinois can expect \$8 million or more in total benefits Current annual pensions and approximate total payout of the top 10 TRS retirees, 2018 | | | | | |
|---|-------------------------------|-------------------------------|------------------------|---|---|
| Name | Last Employer | Approximate age at retirement | Current annual pension | Direct member lifetime contributions to TRS | Approximate total pension payout in retirement* |
| Murray, Laura L | Homewood-Flossmoor CHSD 233 | 57 | \$315,221 | \$314,415 | \$9,361,313 |
| Curley, Mary M | Hinsdale CCSD 181 | 55 | \$306,152 | \$293,062 | \$9,234,964 |
| Hager, Maureen L | North Shore SD 112 | 57 | \$296,843 | \$316,638 | \$8,976,364 |
| McTague, Frances J | Skokie SD 68 | 58 | \$269,329 | \$357,682 | \$8,808,136 |
| Nebor, Jon N | Indian Springs SD 109 | 57 | \$287,244 | \$503,393 | \$8,638,628 |
| Fleming, Larry K | Lincolnshire-Prairie View 103 | 55 | \$300,814 | \$378,683 | \$8,595,659 |
| Catalani, Gary T | Community Unit SD 200 | 55 | \$320,403 | \$321,043 | \$8,462,128 |
| Vieth, Linda J | Sunset Ridge SD 29 | 54 | \$213,174 | \$312,740 | \$8,372,771 |
| Renner, Sandra | Butler SD 53 | 54 | \$210,480 | \$359,085 | \$8,266,974 |
| Bangser, Henry S | New Trier TWP HSD 203 | 56 | \$321,834 | \$336,612 | \$8,255,057 |

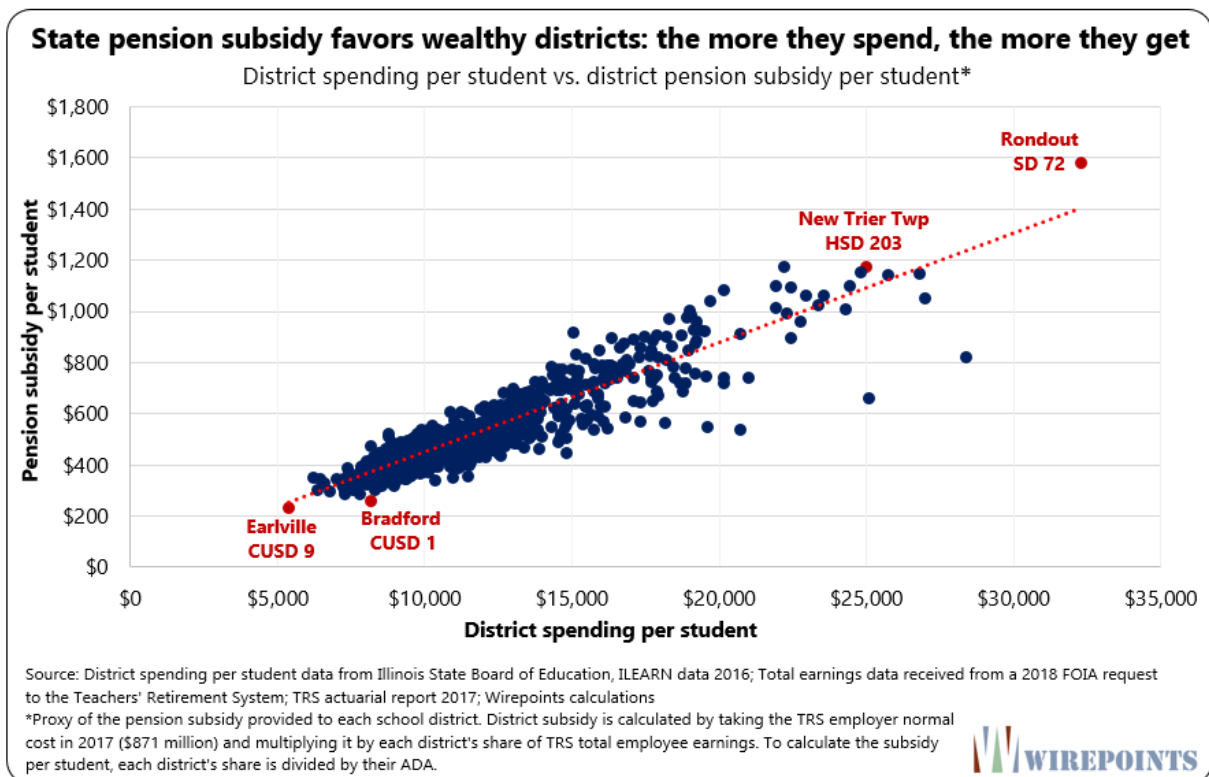
Source: Member data obtained from 2018 FOIA to TRS
 *Approximate total pension payout is based on Social Security life expectancies.



6. A regressive pension payment system

The worst part about the above multimillion pensions is they're extremely regressive. That's because pensions in Illinois are funded [with state income tax](#) dollars. Since wealthier districts pay higher salaries and have bigger district infrastructures, they benefit far more than poor districts from the state's pension payments.

That scheme works against the goal of ensuring that state support goes to districts most in need. As more money goes to the wealthier districts with the most expensive pensions, there are less classroom funds for the poorer districts across the state.



7. Additional, special perks for educators

Members of Illinois' education system also receive perks that nobody in the private sector ever gets.

For example, Illinois teachers and administrators can accumulate [unused, unpaid sick leave](#) year after year. When they retire, they can apply up to two years of that accumulated leave to their years of service credit. That, in turn, boosts teachers' starting pension benefits.


It's essentially letting many teachers retire two years earlier than they could have without sick leave. And it will cost taxpayers upwards of [\\$3.4 billion](#) over the next thirty years just for teachers who are currently retired.

More than 70,000 Illinois retired teachers boosted their pension benefits with accumulated sick leave credit

Breakdown of TRS retirees who benefit from sick leave pension perk

| Years of sick leave accumulated | # of TRS retirees | 30-year cost of additional benefits due to sick leave |
|---------------------------------|-------------------|---|
| 2 year maximum | \$7,883 | \$800 million |
| 1.0 to 1.99 years | \$36,004 | \$1.98 billion |
| 0 to 1.0 year | \$29,606 | \$610 million |
| Total sick leave beneficiaries | \$73,493 | \$3.39 billion |

Source: Pensioner data obtained from TRS pursuant to a 2015 FOIA request from the Illinois Policy Institute



Salary spiking is another perk. School districts grant employees end-of-career salary hikes designed to boost their pension benefits.

Many districts across Illinois give out automatic, multi-year, 4 to 6 percent increases to teachers when they announce their retirement. Wilmette School District 39, for example, [offers the following](#) end-of-career bump:

B. Retirement Longevity Payment

1. Retirement Notice and Payments

For teachers who qualify under this retirement benefits plan and provide five (5) years advance notice, the Board shall grant the teacher increases on the prior year's base salary of five percent (5%) per year for each of the teacher's final five (5) school years prior to retirement. If the teacher provides four (4) years advance notice, the Board shall, for the last four (4) years of service immediately preceding retirement, increase the teacher's base salary by five percent (5%) per year for each of the teacher's final four (4) school years prior to retirement. If the teacher provides three (3)

Source: Wilmette SD 39 WEA Contract 2016-2019

Those hikes boost a teacher final salary by more than 25 percent and can increase an average career teacher's total pension benefits by about \$250,000 in total.

The [FY 2019 budget](#) includes a new provision that cuts the "allowed" amount of salary spiking to 3 percent a year from the previous max of 6 percent. Districts that provide raises higher than that have to pay a penalty to TRS. But [that penalty](#) does nothing to help taxpayers – ultimately, they'll be the ones paying for it through their property taxes.

And in many districts, teachers pay nothing towards their own pensions as yet another perk. Teachers are supposed to pay 9 percent of their salary into the state retirement system. But nearly two-thirds of all school districts pay for, or “pick up,” some or all of their teachers’ required pension contribution as an additional benefit. That costs local taxpayers approximately \$380 million annually.

Fixing education finance

In going after the state with their \$7.2 billion lawsuit, the suing superintendents are actually going after the ordinary people of Illinois. The only way the state could possibly pay for all that new spending is through massive tax hikes.

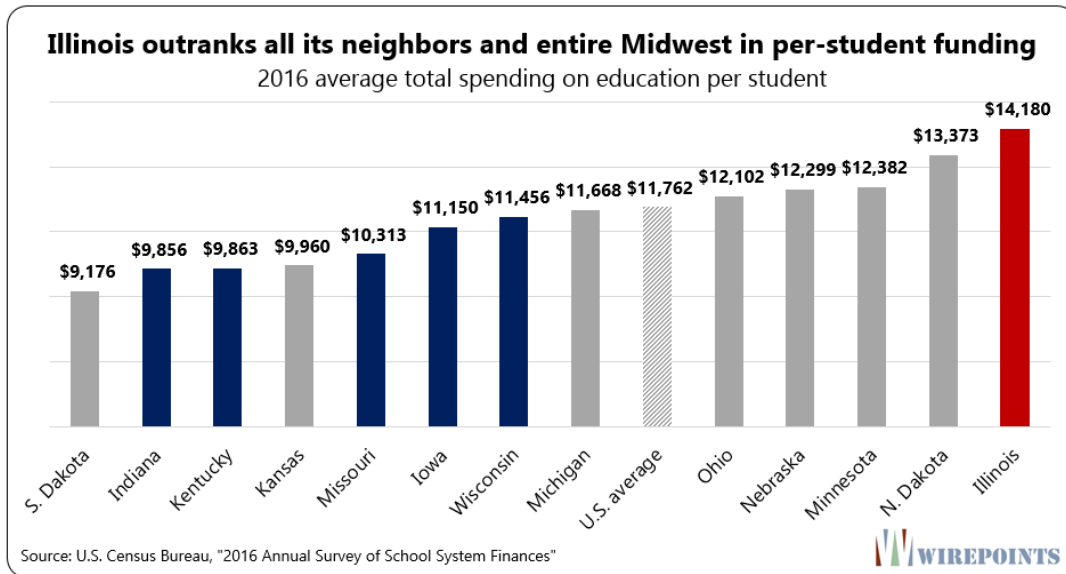
The net result: Illinoisans will be poorer while the education bureaucracy gets richer.

Rather than squeeze another \$7.2 billion more out of Illinoisans, lawmakers should cut back on the bloated system already in place: [Consolidate school districts](#), [cut back on perks](#) that nobody in the private sector gets, end the state's [dysfunctional payment](#) of teacher pension costs, and move all new teachers to [401\(k\)-style retirement plans](#).

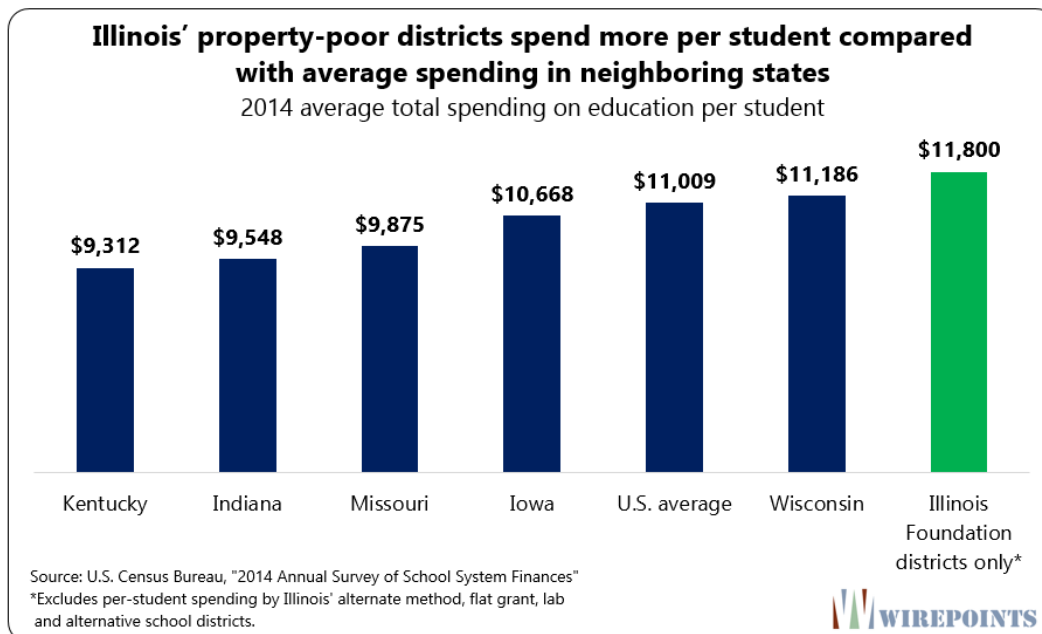
If lawmakers actually did all that, funding lawsuits and tax hikes would be entirely unnecessary. A bureaucratic rollback and pension reforms is what Illinois needs to return billions of dollars to the classrooms that need it.

Appendix: Illinois already spends far more on education than its neighbors

Illinois spent more on education per student than any state in the Midwest in 2016, according to data from the [U.S. Census Bureau](https://nces.ed.gov/ipeds/data/nces_data.php).



That holds true when Illinois' wealthiest districts – the Flat Grant (60) and Alternate districts (75) – are stripped out of the state's average spending. Illinois 600 Foundation districts, on average, still spent more per student than both the national average and the average per-student spending in neighboring states in 2014.



When Illinois' student population is broken down into quartiles based on the concentration of students in poverty, students in districts with the highest concentration of poverty received 13 percent more funding than those in the lowest poverty concentration.

