



EDUCATION

POLICY BRIEF

Invest in Ed’s Impact on Proposition 301

“WHAT
HAPPENS TO
PROP 301
DOLLARS IF
THE INCOME
TAX HIKE
PASSES?”

INTRODUCTION

Arizona voters in 2000 approved *Proposition 301: Education 2000* on the November General Election ballot. The measure enacted a .6 percent sales tax increase and funded a list of K-20 educational purposes.

By design, the majority of funding is earmarked for teacher pay.

The largest percentage of dollars are deposited into the “Classroom Site Fund” for teacher salaries, performance pay, and other K-12 school program needs, such as dropout prevention. The remainder of the funding is designated to pay off school district building debt, to add five days to the school year, and to fund university research efforts and workforce development programming at Arizona community colleges.

Fast forward to 2018, and a new measure titled “Invest in Ed” (IIE) is attempting to make the November ballot and proposes an income tax hike for K-12 education.

The Foundation set out to examine what impact, if any, this new proposal has on the existing Proposition 301 revenue provisions and distributions.

Because IIE does not have any provisions for community colleges or state universities, this analysis was limited to the impact the proposed IIE initiative will have on the distribution and monitoring of the Classroom Site Fund sales tax revenue approved by voters as part of Proposition 301.

EXECUTIVE SUMMARY

Classroom Site Fund is functionally divided in to two buckets of spending. Sixty percent of the funding is mandated to be used for teacher pay. The remaining 40 percent **can** be used for teacher pay and/or five other areas such as class size reduction and teacher liability insurance. However, most dollars from the options bucket are used for teacher pay¹.

Though IIE preserves the original Classroom Site Fund funding source, it alters distribution of those funds and allows local governing boards to divert existing Proposition 301 dollars away from classroom teacher pay.

Further, IIE obscures clear definitions for classroom spending versus administrative spending at the local level.

“IT WILL DILUTE EXISTING DOLLARS PRIMARILY GOING TO TEACHER SALARIES... INCLUDING BONUSES FOR IMPROVING STUDENT ACHIEVEMENT AND CLOSING THE ACHIEVEMENT GAP.”

Both of these substantive changes are triggered by IIE redefining “teacher” to have a meaning beyond both its traditional use and what is currently allowed under Proposition 301.

Additionally, by adding “support staff” to the list of optional expenditures, IIE gives governing boards the

ability to divert dollars currently being dedicated primarily to teachers to school employees outside the classroom.

The redefinition of “teacher” and “support staff” as part of the IIE income tax increase has rolling implications. Not only will it dilute the amount of money available to “classroom teachers” from the new IIE revenue source, it will dilute existing dollars primarily going to teacher salaries from the Proposition 301 sales tax approved by voters in 2000 and intended for teacher pay, including bonuses for improving student achievement and closing the achievement gap.

In other words, teachers could see a drop in their annual Proposition 301 earnings if IIE passes.

DEFINING TEACHER TO INCLUDE NON-TEACHERS

Generally accepted definitions of “teacher” for purposes of Proposition 301 pay, performance bonuses, and evaluation of dollars going to the classroom versus administration has, to date, focused on those individuals providing instruction to students².

In 2001, the Arizona Attorney General's Office issued a series of opinions that gave schools some flexibility in defining and identifying “teachers” for purposes of Proposition 301 distributions. However, the authoring attorney wrote that this expansion should still focus on instruction and not stray too far from the “plain language” of the law:

School districts and charter schools may use such funds for compensation increases for certified or certificated

teachers **and others employed to provide instruction** to students related to the school's education mission.

IIE, however, provides a definition for teacher that allows local governing boards to move away from these parameters and decide the definition of teacher, thus allowing any traditional and publicly accepted definition of a teacher to not only to be altered but to have different, unique definitions in every district and charter school across the state. The initiative states:

“Teacher” means any non-administrative personnel who teaches students or supports student academic achievement as defined by the school district governing board or charter school governing body including, but not limited to, nurses, counselors, social workers, psychologists, speech pathologists, librarians and academic interventionists³.

Not only does this provision expand the number of employees that can receive a share of these “teacher” pay raise dollars and annual bonuses, the “but not limited to” language gives charter and district governing boards wide berth to define any number of non-instructional staff as teachers.

This change would allow every school system to define what it means to be a teacher differently and permit a local redefinition of teacher to include any non-teaching position.

TEACHER PAY REDIRECTED TO NON-TEACHERS

Because IIE places the new, locally defined, definition of teacher in the portion of state law used to deploy

the Classroom Site Fund dollars, this new definition will not just impact any new dollars, but also reduce the share of existing Proposition 301 Classroom Site Fund dollars dedicated to actual teachers.

The new definition adds employees currently accounted for by the state under different categories such as “classified” or “specialists”⁴. However, as noted above, the governing boards are not limited to just these additions but are instead “not limited” in their definition of teacher.

The effect of this new definition is that IIE adds thousands of non-classroom and non-instructional employees who will have access to these dollars previously dedicated to classroom teachers.

POTENTIAL INCREASE IN NON-CLASSROOM STAFF WITH ACCESS TO PROP 301 DOLLARS

TOTAL TEACHERS	TOTAL STAFF	POTENTIAL INCREASE
59,555	117,517	57,962

A larger pool of employees sharing the same amount of money means that if this new definition takes hold, teachers should expect to receive a smaller share of the Proposition 301 revenue than in the past.

Additionally, some of these professional, non-instructional staff already make more than classroom teachers⁵. Because raises are often allocated as a percentage of existing salary, these non-instructional staff will, in some instances, receive bigger raises than teachers.

In a 2002 memo, the Office of the Auditor General (OAG) documented that about a fourth of districts were already planning to allocate some Proposition 301 teacher pay dollars to non-classroom teachers. While the list of positions included librarians and counselors – positions that work directly with students – 51 planned to share the dollars with “other” staffers⁶.

Indeed, the OAG noted as early as 2008 in its Annual Classroom Spending Report that if districts had spent the same level of revenue for teacher salary in 2008 as they had in 2001, the average teacher pay could have been as much as \$7,500 more.

The OAG has noted over the years that Arizona schools have invested increasingly less in “instructional” spending, even in good years⁷. With IIE’s elimination of the current definition of teacher, the gap between what classroom teachers could be paid from Classroom Site Fund dollars versus what they are paid is not only likely to widen, but is allowed to widen under the language of the law.

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ADMINISTRATOR PAY RAISES AND TRACKING DOLLARS TO INSTRUCTION

By allowing governing boards to define “non-administrative” positions, they are by default allowed to define what is an administrative job and what is not. IIE allows governing boards to ignore traditional definitions of administration and make administrative functions eligible for all categories of Classroom Site Fund, as well as new IIE, revenue.

This methodology of blurring classroom functions with administrative functions continues in the IIE definition of “student support services personnel.” Student supports have traditionally been those education professionals providing therapy and interventions for students. By redefining them here, the measure essentially eliminates the bright line between classroom spending and non-classroom spending by including administrative functions for building maintenance and food services in the “student support” category⁸.

A central component of the Proposition 301 design and the conditional enactments (laws that took effect upon passage of Proposition 301) was to ensure these Classroom Site Fund dollars made it to the classroom and were not redirected for other purposes⁹. Indeed, the measure was actively promoted as increasing classroom spending and protecting the dollars from straying into administration and other non-instructional activities¹⁰.

Since the passage of Proposition 301, the OAG annually reports out to the public and to policymakers how much of every district’s dollar goes to the classroom. In addition, new state and federal laws require much of

this system-wide information also to be available at the school level, including reporting out how much of each school's student funding is used for teacher salaries¹¹. How this two-tiered system of state and local definitions for teachers will be managed for public transparency is a big unknown in this initiative.

This new construct will not only expand who can receive a raise, and therefore assuredly reduce the amount of each "teacher's" pay raise and performance bonuses over time from Proposition 301 dollars, it could increase confusion about and reduce transparency of school expenditures.

CONCLUSION

IIE will have a broad impact on teacher pay, lowering the amount of funding available for actual classroom teachers in three ways:

1. Dilute the amount of money going to teacher base pay from the Classroom Site Fund by expanding the definition of teacher to non-instructional positions;
2. Dilute the bonuses for student performance, previously allocated primarily to teachers for success in the classroom and closing the achievement gap, by expanding the definition of teacher to non-instructional positions;
3. Dilute the amount of discretionary dollars available to schools for teacher pay by adding plant operations and other non-instructional operations to the list of allowable expenses.

Further, the initiative blurs the lines on classroom spending versus administrative spending both in actuality and for purposes of public transparency. This differentiation is critical to transparency in public policy, including understanding teacher supply, teacher pay, staff ratios, and how public revenue is spent.

The practice of grounding what it means to be a teacher in direct instruction to students is undone in this measure and threatens to eliminate our shared vocabulary on what it means to be a teacher.

Though this brief does not provide recommendations for next steps, policymakers and citizens alike need to evaluate the long-term impacts of this measure and whether those changes are intentional, desirable, and can survive the test of time under voter-protection.

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The Arizona Chamber Foundation is a non-profit, objective educational and research foundation. We are committed to a non-partisan, research-driven approach that analyzes the issues impacting Arizona's economy.