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FUNDING PUBLIC EDUCATION

Indiana Public School Funding Landscape:

There is a now long history of how Indiana arrived at its current ranking of 40th in school expenditures per student and 38th in teacher compensation. As a comparison for all of the 1990's and most of the early 2000's, Indiana's rankings in both of these data points rested in the 18th to 19th ranking; or right at the national average.

What has changed in the last 15 years?

What hasn't changed in the last 15 years?

Some of it lies in the tightening up of local tax revenue (once considered a "safety valve" during tough economic times), some in the exponential growth of Indiana's private school voucher system, some in the desire to fund a multitude of "different" "public" systems like charter schools, transformation zone schools, innovation network schools, all of which are aimed at removing students from their community-based public schools, and some can be tied to some years of economic hardship (although the COVID couple of years federal funding "boom" can be viewed as a bit off-setting).

In 2019, the Governor's Commission on Teacher Compensation said it in a couple simple words—"other priorities"—no less than 11 times in its final report, the Commission cited Indiana's failure to maintain its place at the national average on both funding and teacher compensation to its funding of "other priorities" along the way.

These are, at the end of the day, man-made causes and decisions.

Indiana's rankings, a barometer of Indiana's commitment to its top constitutional obligation—that is, funding a system of common (public) schools where tuition is free and open to all—are in dire need of policymakers who demonstrate a recommitment to our local communities and their schools. Policymakers who understand that in many, if not most, of Indiana's communities, the traditional, community-based public school remains the largest single employer. For this basic economic reason alone, candidates will be asked to demonstrate their commitment to the enterprise of the one public education system comprised entirely of local leaders and professionals, doing community-based work, dedicated to the future of Indiana through the education of their kids. After all of these diversions and private incentives, upwards of 90% of Hoosier kids still attend their community-based public schools.

EDUCATOR PAY & BENEFITS

TEACHERS: Indiana ranks 38th in teacher compensation. Indiana's ranking plummeted over the last 15 years from basically what was a constant at the national average (around 18th-19th). From the 1980's through the early 2000's, average annual increases to the tuition support formula exceeded the inflation rate. For the last 15 years, even as inflation rates were low, Indiana's tuition support average annual increase often lagged the rate. Other states didn't follow this pattern and one-by-one, jumped past Indiana.

At the same time, teacher bargaining rights were diminished in Indiana. For decades, Indiana had a strong collective bargaining law. It is a fact that states with strong collective bargaining laws end up with higher teacher salaries. Teachers in states with collective bargaining laws earn 24% more on average than their peers without bargaining rights.

Beginning in 2011, lawmakers began a series of amendments to Indiana's teacher collective bargaining laws that today have resulted in limited collective bargaining. Teachers have the right to collectively bargaining salary and wage-related benefits, but over the years, lawmakers have carved out specific exceptions to what once would have naturally been considered a "wage-related" item. Examples of the carve-outs that are not bargainable are for stipends, bonuses, and supplemental pay benefits, where administrators can unilaterally dole out bonus-type pay to individuals from funds that otherwise would have been on the table for bargaining increases for all. There are no statutory limits to these either.

Indiana's average teacher salary is $61,661 while the national average is $74,494. The following are the average salaries for the states most closely bordering Indiana:

ILLINOIS:	$78,495
MICHIGAN:	$71,023
OHIO:	$70,586
WISCONSIN:	$67,794
INDIANA:	**$61,661**
KENTUCKY:	$60,594

In 2019, the Governor's Commission called for Indiana to raise its average salary rankings to the upper half of the upper half in our region. Indiana was last as compared to these states then. Today, seven years later, it is second to the last.

It is not a surprise that both with regard to the "other priorities" on which policymakers are focusing and the intentional diminution of Indiana's teacher bargaining laws, teacher salaries do not keep pace with inflation or our surrounding states.

PAID PARENTAL LEAVE: The United States is the only country among 41 nations that does not mandate any paid leave for new parents, according to the Organization for Economic Cooperation and Development (OECD).

A growing number of states offer some form of paid family leave: California, Colorado, Connecticut, Delaware, Massachusetts, Maryland, New Jersey, New York, Oregon, Rhode Island and Washington.

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Employees of the state through an executive order have a level of expanded childbirth recovery leave and new parent leave available to them.

Indiana teachers may qualify for unpaid, job-protected leave for 12 weeks under the federal Family Medical Leave Act (FMLA), but for the most part they must cobble together sick days to have any paid time off with their newborns or adoptees and then supplement that with unpaid leave. This becomes another source of workplace frustration particularly when new parents are forced to return to the classroom before they are ready and/or effectively take a pay cut to have a child.

And the private sector is responding to this gap in benefits, but mostly in the tech arena.

EDUCATION SUPPORT PROFESSIONALS (ESPs): ESPs include bus drivers, food service employees, custodians, technicians and skilled trades professionals, clerical and administrative staff, security and instructional aides. They each play an important part in the service delivery of the educational program.

Indiana continues to lack any meaningful data on their work from a centralized vantage point—including data on wage levels, benefits, numbers of individuals employed, daily and weekly hours, and scope of responsibilities.

Also, ESPs are not guaranteed the right to collectively bargain and often earn less per hour than many of the high school students they serve. These are the working conditions that are fueling the shortages.

The problem is national and requires a multifaceted approach to solving. With regard to school bus drivers specifically, a 2021 survey jointly released commissioned by the National Association for Pupil Transportation (NAPT), the National Association of State Directors of Pupil Transportation Services (NASDPTS), and the National School Transportation Association (NSTA) cited, "50% of respondents said the rate of pay is a major factor affecting their ability to recruit and retain drivers, 45% cited the "length of time to secure a CDL (commercial driver's license)", 38% the "availability of benefits" and 38% the "hours available to work".

Instructional aides and substitute teachers are being routinely tapped to become licensed teachers due to the shortage in teaching. And cafeteria workers and custodians continue to be jobs that area hard to fill.

RETIREES: For most of the last 20 years, teachers (in TRF) and other public employee retirees (in PERF) have been given an annual one-time stipend of between $150 and $450 (depending upon how long they have been retired). A couple of years, in the last couple of ddecades, they received nothing and a couple of years they received a 1% cost-of-living-adjustment or COLA.

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Few are jeopardized more than those who are on a fixed income during times of higher inflation. By all accounts, Indiana's public retirement system is in excellent shape.

- A fund is considered healthy when it achieves 80 percent funded status. INPRS' overall funded ratio is 83.2% across its defined benefit plans.
- The net assets of all of the funds under INPRS total over $55 billion and consistently receives over 100% of its actuarially determined contributions (ADC) from its employers.
- The state's largest unfunded liability, the pre-1996 TRF defined benefit account, is on track to be 100% funded by 2028 or 2029.

PRIORITIZING PUBLI SCHOOL SUPPORT/ACCOUNTABILITY:

Tax Credit for Contributions to Public Schools:

Beginning with the 2010 taxable year, Indiana established a state income tax credit to enable taxpayers with means to make contributions to scholarship granting organizations (SGOs) and then to receive a *credit* against the taxpayer's state income tax liability. The tax credit equals 50 percent of the taxpayer's contribution to the SGO.

Over the years, lawmakers increased the total credits allowed from $7.5 million per year to its current $18.5 million each year.

There are no limits on how much a single taxpayer can donate. The only limit is the 50 percent credit amount and the state's overall cap in a given year. Additionally, unused credits (credits for contributions made above one's tax liability) can be carried forward for up to 9 subsequent tax years.

The vast majority of credits that have been given out have been granted to taxpayers making over $200k in adjusted gross income and a significant percentage of that has been given to taxpayers making more than $500k in adjusted gross income. This credit has become a windfall to some of Indiana's most affluent taxpayers—enabling them to choose whether to pay taxes that benefit the public good or give to an SGO to fund private school tuition. Especially since Indiana law on vouchers has expanded over the years to fund virtually every student attending a private voucher school, the need for this credit has long been in doubt. That said, if donating to an SGO benefitting a private school is an acceptable mechanism under Indiana tax law, then why are taxpayers not likewise being awarded tax breaks for donations they choose to make to a traditional public school or its foundation?

Accountability for Charter Schools/Voucher Private Schools:

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Currently, Indiana law treats charter schools (all the various forms) and private voucher schools altogether differently in terms of their accountability to the public interest. All of these "types" of schools receive taxpayer dollars. Charters receive virtually the same per student amounts as their traditional school counterparts. Private school vouchers are at 90% funding.

The latest discrepancy centers on the impact that the implementation of SEA 76-2026 has on traditional public school students but not the other taxpayer-funded school types.

Under the new law, the application requires traditional public schools to cooperate with federal immigration agency (ICE) investigations. By the definitions in this law, the provisions around ICE enforcement do not include charter nor private voucher-accepting schools. This is certainly not the only example of a law that applies to a traditional public school but not to a charter or voucher private school, but it is the most recent example.

Other laws with disparate application are open door, public records, audit, bargaining, board make-up requirements (including residency ones), and the laundry list of anti-discrimination laws.

FOSTERING A SAFE WORK ENVIRONMENT:

In 2023 and at the urging of ISTA, lawmakers enacted HEA 1591 which in part mandated public schools to report to the DOE information concerning an employee who was physically injured while on the job by a student if:

(1) The injury is required to be reported to the public school's workers compensation carrier;
(2) Causes the employee to miss all or part of one (1) or more workdays; or
(3) Is required to be reported to the public school pursuant to the public school's reporting policy.

In September of 2024, the DOE released the first "Indiana School Injury Report."
https://www.in.gov/doe/files/Empoyee-Injury-Data-Reporting-SY2024-Final.pdf

The report detailed just over 3000 incidents against school employees by students.

However, of the roughly 400 public school districts and charter schools (the schools to which HEA 1591 applies), only 124 school districts and charter schools submitted incidence data for 2023-24.

Workplace violence is a significant issue among the teaching force, and the desire is that these incidences should be taken seriously.

Instead of strengthening the law to ensure better compliance, lawmakers came back in 2026 and repealed the reporting law altogether (as part of its "deregulation" initiation).

Teachers feel unseen and unheard and due to the repeal of an important law like this in the name of deregulation, one could certainly argue they have a right to feel this way.

EDUCATOR VOICE & WORKING CONDITIONS:

Teacher Collective Bargaining

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In 2011, lawmakers stripped teachers of certain collective bargaining rights and narrowed the scope of bargaining to salary and wage issues.

Even with that, lawmakers, and the Indiana Education Employees Relations Board (IEERB) subsequently carved out additional pure wage issues that are specifically not bargainable under law. This includes initiatives like teacher appreciation grants (TAG), literacy grants, and a long list of other bonuses and stipends. The concern is that these stipends come off the table unilaterally and then directly negatively impact the salary and compensation for *all* teachers.

When the General Assembly restricted bargaining to salary and wage issues, it crippled and disrespected the collective voice of teachers on the issue of the learning conditions of their students. A teacher's working conditions are their students' learning conditions.

Collective bargaining gives educators a relevant voice in the workplace. That means everyone connected to the school — students, teachers, ESPs, administrators, and taxpayers — all benefit.

States with the strongest collective bargaining rights consistently rank highest in national student performance. Strong union laws provide higher educator pay and better working conditions.

Teaching and learning conditions also have a direct impact on retaining top-notch teachers. Noted Stanford University education researchers Frank Adamson and Linda Darling-Hammond describe the importance of a supportive working environment as, "Those working conditions — including professional teaching conditions, such as the availability of materials, class sizes, the attractiveness and safety of facilities, high-quality leadership, and professional learning opportunities — play a role in teachers' decisions to leave teaching in a particular school or sometimes to leave the profession altogether."

In 2023, through SEA 486, lawmakers essentially repealed discussion rights for teachers. The discussion law was a 50-year, time-tested obligation for administrators to discuss important issues with teachers that impacted student learning and teachers' working conditions. SEA 486 was an act of disrespect for the collaborative work done by Indiana's public school teachers and administrators.

SEA 486 turned what had been a duty between the school employer and their professional staff into an option, the existence of which is unilaterally determined by the employer. There was no evidence presented to support this move and no justification for this change other than an attempt to silence teachers' collective voices.

And in 2026, lawmakers passed HEA 1004 (essentially on a partisan vote), the "deregulation" bill, that removed the "hours expected to work" provision required in each individual teacher contract. The change makes it uncertain what each teacher's workday expectations will be, adding unnecessary stress to every single teacher's work/life balance equation and resulting in an employer's inability to staff its programs being foisted on the backs of every other teacher. All of this was caused by the removal of just a few small words inside of a 200-page bill.

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Working conditions have been a central cause of Indiana's teacher shortage, and SEA 486-2023 together with HEA 1004-2026 exacerbates the shortage by seeking to quell the collective voice of teachers.

Educational Support Professionals (ESPs)

ESPs in public schools (bus drivers, food service staff, instructional aides, nurses, building maintenance staff, and school office personnel) have the right to collectively bargain only if their employer grants them that right. There is no state law for ESPs.

Student needs are extensively met through the work of ESPs. Many of these employees work non-traditional hours, fewer hours (too-often without adequate insurance benefits) and are required to adjust at a moment's notice — both in terms of their schedule and income. These dedicated employees impact the learning environment for students in important ways – health, safety, nutrition, and learning. The prerequisites for their continued employment include additional annual training, enhanced background checks and regular health monitoring. These costs are not uniformly covered by the employer.