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ON THE BALLOT

A Report from the Bureau of Governmental Research

JEFFERSON PARISH SCHOOL TAX PROPOSAL, MAY 4, 2019

INBRIEF

What is the tax proposition? Jefferson Parish voters will decide whether to approve a new property tax for increased pay for teachers and other public school system employees. If approved, the tax will be levied parishwide at a rate of 7.9 mills for 10 years, beginning in 2019. The tax is expected to generate $28.8 million in the first year.

Why is it on the ballot? The Jefferson Parish School Board views its current pay scales as inadequate to attract and retain high-quality employees to support students' academic growth. The Jefferson Parish Public School System would use the tax proceeds to implement a new pay plan that has been approved by the School Board, pending passage of the tax proposition. If the tax proposition fails, the current salary schedules will remain in place.

BGR's *ON THE BALLOT* SERIES

This report is the latest in BGR's *On the Ballot* series, which provides voters with objective, nonpartisan analysis of significant ballot propositions in the New Orleans metropolitan area. In producing *On the Ballot* reports, BGR recommends positions consistent with its mission of promoting informed public policy and the effective use of public resources for the improvement of local government. *On the Ballot* reports bring to light the strengths and weaknesses of ballot propositions and assess the potential for government expenditures or actions to efficiently achieve beneficial outcomes for citizens.

REPORTHIGHLIGHTS

- If voters approve the tax, a homeowner would pay $79 more annually on each $100,000 of property value above the $75,000 homestead exemption. For example, the owner of a homestead-exempt property valued at the parishwide average home sale price of $224,000 would pay $117.71 more in property taxes per year.
- Jefferson Parish has the largest public school system in Louisiana, with more than 51,000 students and an almost $500 million General Fund budget. More than 80% of the School System's students come from low-income households, 18% have special education needs and 14% have limited English proficiency.
- Jefferson's academic performance has fallen during the last five years. It received a "C" rating from the State in 2018. Its high school graduation rate, 71.8%, ranks 61st out of Louisiana's 69 school districts.
- The School Board projects a $33.3 million total annual cost to implement the new pay plan. It would supplement the $28.8 million in new tax revenue with $4.5 million from current revenues. The School System would direct 73% of new tax revenue to teacher pay raises and incentive stipends. The remaining 27% would fund a portion of support staff pay raises. Current revenue would cover all school and district leader raises and a portion of support staff raises.
- The School System has lost more than 1,500 teachers during the last three years. In the 2017-18 school year, it lost 16% of its teachers. It particularly struggles to retain early career teachers. It also struggles to fill teaching positions in certain content areas and in its schools with large concentrations of English language learners and students from low-income households.
- The School System's current entry-level teacher salary, $41,199, is nearly $3,000 (or about 7%) lower than the southeastern Louisiana regional average. Many area districts offer higher entry-level salaries. Charter schools have more discretion in setting individual teacher salaries than traditional school districts. Charters in New Orleans and Jefferson Parish reported average starting teacher salaries that range

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from significantly below the School System's current level to significantly above it. Under the new plan, the School System's entry-level teacher salary would rise to $46,000.

- BGR evaluated whether the tax is necessary. The tax would allow the School System to boost teacher salaries to regionally competitive levels and provide stipends to teachers exhibiting high performance or filling high priority needs. The School System's own experience in attracting and retaining teachers, combined with national research findings and evidence of a statewide teacher shortage, indicate that pay raises and stipends could help reduce teacher turnover and recurring shortages. The tax would also allow the School System to meet its objective of paying all support staff above poverty-level wages. The School System has implemented spending efficiencies, but its current revenue sources are not sufficient to cover the large recurring expenditures that the new pay plan would require.
- BGR analyzed whether the tax is appropriately sized. The School System arrived at the proposed 7.9-mill rate by calculating how much the new pay plan would cost if implemented in the 2019-20 school year with all current staff in place. Although it is impossible to determine the exact amount of raises required for the School System to achieve sufficient teacher attraction, retention and quality, the proposed plan would strengthen the School System's competitive position in the job market. It also strategically targets revenue to areas of greatest demonstrated need. At the same time it limits raises for later career teachers whose current salaries are more competitive with those of other area districts. The new support staff salary schedules also distribute revenue strategically to specified objectives.
- Finally, BGR reviewed whether the tax revenue would be well spent. If the tax passes, the School Board will use the revenue to implement the pay plan it has already approved. This assures voters that almost three quarters of the new tax revenue would go towards improving teacher attraction, retention and quality. In addition, the School Board recently adopted a five-year strategic plan that commits the School System to rapid growth in student achievement. The strategic plan includes initiatives to improve teacher support that are complementary to the pay increases. The tax revenue therefore stands a greater chance of making a positive impact as part of the School System's structured effort to transform its professional culture and improve student achievement. Overall, there are multiple indications that the tax revenue would be well spent.
- Based on its independent analysis using the framework in this report, BGR finds that the current proposition overcomes the key deficiencies of the School System's failed 2017 pay raise tax proposition. That proposal sought across-the-board raises without a thorough analysis of staffing needs and compensation disparities. It also did not seek budgeting efficiencies for cost savings or consider other priority needs, such as facilities. The new proposal offers taxpayers a better way to direct new revenue to the School System's high-priority compensation needs.

BGRPOSITION

FOR. The Jefferson Parish Public School System has returned to voters with a more well-developed pay raise proposal than the one voters rejected in 2017. Revenue from the proposed tax would allow the School System to boost teacher pay to levels that are competitive with other area districts. More competitive salaries would help the School System overcome high teacher turnover and recurring shortages that negatively impact student achievement and drive up costs. The tax would enable the School System to implement a new pay plan that directs revenue to high-priority needs identified through its analysis of staffing trends. While the School System acknowledges that the support staff raises are not necessary to fill positions, they would eliminate existing compensation inequalities and ensure that all employees earn above poverty line wages. In addition, they would help the School System attract and keep superior employees. Although it has sought budget efficiencies, the size of raises necessary to sufficiently increase competitiveness requires additional revenue. The School Board has maximized the potential impact of higher salaries by adopting a comprehensive strategic plan that commits the School System to significant growth in student achievement by 2024.

If voters approve the tax, BGR recommends that the School System regularly review the effectiveness of the pay raises and incentive stipends in attracting and retaining high-quality employees.