



Illinois State Board of Education

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Darren Reisberg
Chair of the Board

Dr. Carmen I. Ayala
State Superintendent of Education

MEMORANDUM

TO: The Honorable William E. Brady, Senate Minority Leader
The Honorable Don Harmon, Senate President
The Honorable Jim Durkin, House Minority Leader
The Honorable Michael J. Madigan, Speaker of the House

FROM: Dr. Carmen I. Ayala State Superintendent of Education

DATE: January 31, 2020

SUBJECT: Minimum Teacher Salary Report from the Professional Review Panel

The Illinois State Board of Education respectfully submits this report on behalf of the Professional Review Panel to the General Assembly in order to fulfill the requirements of Illinois School Code 105 ILCS 5/24-8, which states that the following duty shall be exercised: On or before January 31, 2020, the Professional Review Panel must submit a report to the General Assembly on how State funds and funds distributed under the evidence-based funding formula may aid the financial effects of the changes made by this amendatory Act of the 101st Assembly.

If you have any questions regarding this report, please contact Amanda Elliott, executive director of Legislative Affairs, at (217) 782-6510.

cc: Secretary of the Senate
Clerk of the House
Legislative Research Unit
State Government Report Center
JB Pritzker, Governor

Report from the Professional Review
Panel to the Illinois General Assembly
Regarding Public Act 101-0443

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1. Executive Summary

Professional Review Panel Charge Regarding Public Act 101-0443

Governor JB Pritzker signed Public Act 101-0443, the “Minimum Salary Act,” into law on August 22, 2019. The Act establishes minimum salary levels for full-time teachers in Illinois, which begin at \$32,076 in fiscal year 2021 and increase by annual increments to \$40,000 in FY 2024. The Act represents a significant increase from the prior legal minimum teacher salary of \$10,000, which was established in 1980.

The Professional Review Panel (PRP) was established by P.A. 100-0465, the Evidence-Based Funding for Student Success Act, “to study and review the implementation and effect of the Evidence-Based Funding model...and to recommend continual recalibration and future study topics and modifications to the Evidence-Based Funding model.” The Minimum Salary Act charged the PRP with submitting “a report to the General Assembly on how State funds and funds distributed under the evidence-based funding formula under Section 18-8.15 may aid the financial effects of the changes made by this amendatory Act of the 101st General Assembly” by January 31, 2020.

Areas of Investigation & Findings

The PRP considered two ways in which the Minimum Salary Act will interact with the EBF.

1. Impact of Minimum Teacher Salary on Evidence-Based Funding Formula

The Evidence-Based Funding (EBF) formula uses the statewide average salary for elementary and high school districts to calculate the cost of salary-based cost factors within each district’s Adequacy Target. This average statewide teacher salary will increase as districts with salaries below \$40,000 raise their minimum salaries. As the statewide average salary increases, districts’ Adequacy Targets will therefore also increase. The cumulative cost of fully funding all districts will also consequently increase. The PRP’s analysis examined the extent to which the state’s total cost of Adequacy is likely to increase as a result of the Minimum Salary Act.

FINDINGS: The impact of the Minimum Salary Act on the statewide cost of Adequate funding in EBF is relatively minimal.

- At the time of the law’s passage, slightly over 4 percent of K-12 teachers, totaling 5,513 teachers, were earning less than \$40,000 per year¹.
- If we account only for raising the salaries of teachers below the minimum salary in a given year, the cost of Adequacy increases by 0.06 percent in FY 2024 compared to what it would reach at the rate of inflation alone. If we also account for the cost of adjusting the entire salary schedule that might result from the law, the cost of Adequacy in FY 2024 increases by 0.2 percent above the rate of inflation.
- As the cost of Adequacy goes up, the overall Percent of Adequacy will likely decrease. This impact is difficult to estimate accurately given the complexity of the EBF but is expected to be minimal.

It is important that the EBF Adequacy Cost Model be adjusted to reflect new statewide salary averages driven by the Minimum Salary Act, but no action is needed to ensure that that happens. The law establishing

¹ P.A. 101-0443 establishes minimum salaries that directly affect only those teachers who serve on a full-time basis. However, it is likely that the adjustment in salary for full-time teachers would result in a school district’s salary schedule being adjusted on a pro-rata basis for other positions such as aides, nurses, and part-time teachers, thus increasing the cost of the law. Our estimates reflect this scenario.

EBF already requires that the Illinois State Board of Education (ISBE) recalibrate salary-based elements on an annual basis. Accordingly, the PRP offers no additional recommendation on this issue at this time.

2. Impact of the Minimum Salary Act on District Costs Relative to Adequacy

In addition to analyzing and understanding the change to overall *statewide* Adequacy costs (based on statewide average salaries), the PRP also sought to analyze and understand the impact the minimum salary requirements might have on *individual districts* – especially those furthest from Adequacy and with the least amount of local resources.

The Minimum Salary Act requires districts to dedicate resources to meet the Act's required salary minimums. To do so, districts can draw upon existing state and local funding in addition to new state funding they receive annually through the EBF tiers. Regardless, school districts with teachers currently making less than the law's required minimums will face increased costs under resource-constrained conditions. The PRP considered the magnitude of costs that districts will be required to bear in relation to both 1) how far districts are from being fully funded, and 2) how much of their new state funding through EBF would be needed to meet the law's requirements.

FINDINGS: On average, districts furthest from being fully funded are not required to spend a significant portion of their new EBF dollars on increasing their minimum teacher salary, though a small subset of districts that are far from full funding will be required to use a large portion of their new state funding to meet the law's requirements.

- P.A. 101-0443 will require individual Illinois districts to contribute approximately \$9 million-\$56 million to increasing minimum teacher salaries over the next four years.
- The number of districts funded below 90 percent of full funding (Tier 1 and Tier 2 districts in EBF) that are likely required to spend a large majority or all of their new EBF dollars is small (approximately 55 districts by Year 4 of phase-in). These districts represent approximately 2,700 teachers and 37,000 students.

Recommendations

Based on the analyses reflected in this report, the PRP makes the following recommendations to the General Assembly.

Recommendation 1: The requirements of the Minimum Salary Act would represent a disproportionate burden for the approximately 55 districts that are furthest from full funding. ISBE's existing waiver authority already provides a mechanism that allows these few districts to seek a waiver from most state statutes. Accordingly, adversely affected districts have a mechanism by which they can seek to extend the time they have to meet the law's required salary amounts. That said, to ensure ISBE is not inundated with applications unlikely to be approved, we recommend that ISBE remind districts of how to submit a waiver application, and also that the agency provide guidance to districts regarding the criteria it will be using to determine which districts are likely to be eligible and recommended for an extension of time to phase in the minimum salary amounts required by P.A. 101-0443.

Recommendation 2: The more fully and quickly the state funds the Evidence-Based Funding formula, the greater the likelihood that districts will be able to both provide competitive compensation for educators and invest in the other evidence-based cost factors included in the formula, rather than requiring districts to choose how to use limited resources across competing priorities. The PRP therefore encourages the state to

work as aggressively as possible to fully fund the formula by 2027, as required by the Evidence-Based Funding for Student Success Act.

2. Introduction to Illinois' Minimum Teacher Salary Law

Governor JB Pritzker signed Public Act 101-0443, the “Minimum Salary Act,” into law on August 22, 2019. The act establishes minimum salary levels for full-time teachers in Illinois, which begin at \$32,076 in FY 2021 and reach \$40,000 by FY 2024. The annual incremental growth in minimum teacher salary under P.A. 101-0443 is shown in Table 1. Prior to the passage of P.A. 101-0443, the minimum teacher salary in Illinois for full-time teachers with a bachelor’s degree was set at \$10,000.ⁱ

Table 1: Minimum Teacher Salary Schedule

School Year	Minimum Salary
2020-21	\$32,076
2021-22	\$34,576
2022-23	\$37,076
2023-24	\$40,000

Source: P.A. 101-0443

Illinois’ Professional Review Panel, which regularly reviews the implementation of the EBF formula, has been charged with submitting “a report to the General Assembly on how State funds and funds distributed under the evidence-based funding formula under Section 18-8.15 may aid the financial effects of the changes made by this amendatory Act of the 101st General Assembly” by January 31, 2020.

The impact of the new minimum teacher salary will vary from district to district and will likely be dictated by union contracts and bargaining over the next five years. However, existing data on current district-level and individual-level pay can help provide an understanding of the potential scope and impact of the Minimum Salary Act.

P.A. 101-0443 establishes minimum salaries that directly affect only those teachers who serve on a full-time basis. However, it is likely that the adjustment in salary for full-time teachers will result in a school district’s salary schedule being adjusted on a pro-rata basis for other positions, such as aides, nurses, and part-time teachers, thus increasing the cost of the law. This report considers the latter scenario, as we anticipate that it will capture the maximum potential impact of the law.

The Minimum Salary Act will interact with the Evidence-Based Funding formula in two primary ways, each of which has been considered by the PRP. Implications of both are documented in this report.

Impact of the Minimum Salary Act on the EBF itself: The increase in the statewide minimum salary will cause an increase in the average salary costs used in the calculation of each district’s Adequacy Target in EBF. The PRP evaluated the impact of this change by considering how this change affects districts’ Adequacy Targets and consequently their Percent of Adequacy and the amount of new Tier Funding they receive in a given year.

Impact of the Minimum Salary Act on District Costs Relative to Adequacy: Districts currently below the law’s compulsory minimum salary levels will be required to use some of their revenues to meet the law’s requirements. The committee considered the costs that districts will be required to bear in order to do so. It

also considered the amount of districts' new Tier Funding from EBF that would be required to cover these additional costs.

3. Impact of Minimum Salary Act on Evidence-Based Funding Formula

EBF uses the statewide average salary for elementary and high school districts to calculate the cost of salary-based cost factors within each district's Adequacy Target. Increases in minimum salary to meet the requirements of the Minimum Salary Act will cause the average teacher salary used in EBF to increase. The bill requires a phase-in over four years, so this change in average teacher salary is likely to be gradual. The overall change in average salaries used in the formula in a given year is likely to be minimal.

P.A. 101-0443 establishes minimum salaries that directly affect only those teachers who serve on a full-time basis. However, it is likely that the adjustment in salary for full-time teachers will result in a school district's salary schedule being adjusted on a pro-rata basis for other positions, such as aides, nurses and part-time teachers, thus increasing the cost of the law. For the purpose of this analysis, we considered:

- **"Direct" Costs of the Minimum Salary Act:** These reflect the cost of raising the salaries of all full-time teachers to the annual minimum amounts required in the Act, as well as the cost of raising part-time teachers' salaries to meet the minimum requirements on a pro-rata basis.
- **"Direct & Indirect" Costs:** These capture both the aforementioned costs and adjustments that will likely be made to teacher salaries across the entire salary scale, as research suggests it is likely that salaries already above the statutory minimums will also shift as the labor market for teacher salaries adjusts to the new minimums.

If we only consider direct costs, the average salary in FY 2024 for grades K-8 is estimated to be \$111 higher than it would otherwise be if it rose only at the rate of inflation. The average salary for grades 9-12 is estimated to be \$89 higher than if it increased only at the rate of inflation. The average salary for grades K-12 is estimated to be \$102 higher than if it increased only at the rate of inflation.

If we consider both the costs directly required by the Minimum Salary Act for full-time teachers and indirect costs associated with likely increases for part-time teachers, the average salary for grades K-8 in FY 2024 is estimated to be \$347 higher than if it increased only at the rate of inflation. The average salary for grades 9-12 in FY 2024 is estimated to be \$270 higher than if it increased only at the rate of inflation. The average salary for grades K-12 in FY 2024 is estimated to be \$315 higher than if it increased only at the rate of inflation.

The tables on the next page show the anticipated total change in statewide average teacher salary as districts under the final \$40,000 minimum salary raise salaries in compliance with the law. These calculations reflect estimates of future costs and are intended to provide an indication of the magnitude of the expected total impact of the Minimum Salary Act on the statewide cost of adequately funding all districts, not to capture exact amounts districts will have to pay to meet minimum salary requirements. (The latter will be addressed in the next section of the report.)

Table 2A: Estimated K-8 Teacher Salary Increases as a Result of New Minimum Teacher Salary

K-8						
School Year	Inflation-Adjusted only	Direct Impact Average Salary	Difference (Direct minus Inflation-adjusted only)	Direct & Indirect Average Salary	Difference (Direct & Indirect minus Inflation-adjusted only)	
2019-20	\$ 62,865	\$ 62,865	\$ -	\$ 62,865	\$ -	
2020-21	\$ 64,637	\$ 64,670	\$ 33	\$ 64,740	\$ 103	
2021-22	\$ 66,369	\$ 66,416	\$ 47	\$ 66,528	\$ 159	
2022-23	\$ 68,148	\$ 68,215	\$ 67	\$ 68,379	\$ 231	
2023-24	\$ 69,974	\$ 70,085	\$ 111	\$ 70,321	\$ 347	
FY20 to FY24	8.26%	8.37%	0.12%	8.62%	0.36%	

Table 2B: Estimated 9-12 Teacher Salary Increases as a Result of New Minimum Teacher Salary

9-12						
School Year	Inflation Adjusted Only	Direct Impact Average Salary	Difference (Direct minus Inflation-adjusted only)	Direct & Indirect Average Salary	Difference (Direct & Indirect minus Inflation-adjusted only)	
2019-20	\$ 72,166	\$ 72,166	\$ -	\$ 72,166	\$ -	
2020-21	\$ 73,175	\$ 73,199	\$ 24	\$ 73,255	\$ 80	
2021-22	\$ 75,136	\$ 75,171	\$ 35	\$ 75,261	\$ 125	
2022-23	\$ 77,149	\$ 77,202	\$ 53	\$ 77,325	\$ 176	
2023-24	\$ 79,217	\$ 79,306	\$ 89	\$ 79,487	\$ 270	
FY20 to FY24	8.26%	8.34%	0.09%	8.51%	0.25%	

Table 2C: Estimated K-12 Teacher Salary Increases as a Result of New Minimum Teacher Salary

K-12						
School Year	Inflation-Adjusted Only	Direct Impact Average Salary	Difference (Direct minus Inflation-adjusted only)	Direct & Indirect Average Salary	Difference (Direct & Indirect minus Inflation-adjusted only)	
2019-20	\$ 65,942	\$ 65,942	\$ -	\$ 65,942	\$ -	
2020-21	\$ 67,444	\$ 67,476	\$ 32	\$ 67,539	\$ 95	
2021-22	\$ 69,252	\$ 69,295	\$ 43	\$ 69,397	\$ 145	
2022-23	\$ 71,108	\$ 71,171	\$ 63	\$ 71,317	\$ 209	
2023-24	\$ 73,014	\$ 73,116	\$ 102	\$ 73,329	\$ 315	
FY20 to FY24	8.26%	8.36%	0.10%	8.57%	0.31%	

Increased costs associated with salary-based elements will correspond to higher overall Adequacy Targets for districts. The annual average salary for elementary and high schools was calculated and then input into the FY 2020 EBF model provided by ISBE to estimate the impact of the Minimum Salary Act on salary-based cost

factors and district Adequacy Targets.

The overall statewide Adequacy Target increases by an estimated additional \$18 million in 2024 if we use the FY 2019 EBF data as a baseline and estimate the direct costs of the Minimum Salary Act. Given that the overall Adequacy Target is around \$28 billion, this represents only a minor increase in the overall cost of Adequacy, roughly 0.06 percent. This increase in Adequacy Targets, without addition of corresponding new revenue, will likely result in the decrease of the Percent of Adequacy for districts, though this impact is anticipated to be minimal.

The increase to overall Adequacy costs are included below. (Change in Final Resources used to calculate overall Percent of Adequacy is based on the assumption that the legislature will appropriate the statutorily required minimum of \$350 million each year. Local Resources will increase at the rate of inflation and with Adequacy Targets, and Regionalization factors will remain the same.)

Table 3: Estimated Impact of Minimum Teacher Salary on EBF Adequacy Targets

	Projected Change in EBF Adequacy Target & Final Resources (No Changes to Salaries)	Direct Impact of Minimum Salary Act		Direct & Indirect Impact of Minimum Salary Act	
Fiscal Year	Final Adequacy Target	Final Adequacy Target	Difference (Direct Impact Compared to No Salary Change)	Final Adequacy Target	Difference (Direct & Indirect Impact vs No Salary Change)
2020	\$26,410,572,089	\$26,410,572,089	\$ -	26,410,572,089	\$ -
2021	\$ 26,623,180,489	\$26,826,932,492	\$203,752,003	26,838,083,774	\$214,903,285
2022	\$27,091,974,198	\$27,301,101,627	\$209,127,429	27,318,965,080	\$226,990,882
2023	\$27,778,686,892	\$27,789,328,162	\$10,641,270	27,815,015,288	\$ 36,328,395
2024	\$28,276,899,878	\$28,294,593,328	\$17,693,450	28,331,771,746	\$ 54,871,868

ISBE is required each year to update the average salary used in the model for salary-based cost factors as it creates the EBF model calculations for the approaching fiscal year. It does so using the most recent data from the Education Information System, which becomes available each fall. This requires no action to be taken on the part of the Professional Review Panel.

4. Impact of Minimum Salary Act on District Costs Relative to Adequacy

Next, the committee investigated the increased costs to districts required by the Minimum Salary Act as a function of how far districts are from adequate funding. To do so, we posed three questions.

1. What is the expected cost to districts of meeting the requirements of the Minimum Salary Act?
2. What percentage of Evidence-Based Funding would underfunded districts be required to contribute toward minimum teacher salaries?
3. How many districts are required to contribute a significant portion of their EBF dollars toward minimum teacher salaries?

Analysis consisted of a three-step process. First, minimum teacher salaries were estimated for each public district in Illinois. Then we estimated the cost burden for each district to raise all salaries to the new

minimum each year. Finally, we compared each district's minimum salary cost burden to projected new EBF dollars that each district receives through the formula each year. Findings are as follows. (See Appendix for detailed methodology.)

1. What is the expected cost to districts of meeting the requirements of the Minimum Salary Act?

P.A. 101-0443 requires Illinois districts to contribute approximately \$9 million in nominal dollars to increasing minimum teacher salaries for at least 5,513 teachers (~4 percent of teachers in the state) over the next four years. This cost burden is spread over a total of approximately 610 districts, but is disproportionately concentrated in Illinois' underfunded and downstate districts. (See Appendix for regional analysis.)

Examining the cost of P.A. 101-0443 relative to inflation-adjusted salaries provides additional perspective. Many districts across the state increase minimum teacher salaries each year according to inflation. Projecting inflation-based changes to minimum teacher salaries if a new minimum salary had not been passed provides an understanding of the additional cost of P.A. 101-0443. Statewide costs above the rate of inflation show an additional cost of \$9.7 million.

Table 4: Estimated Direct Costs as a Result of New Minimum Teacher Salary

	Total Direct Cost	Direct Cost Adjusted for Inflation
# of Districts in Illinois	849	849
# of Teachers in Illinois	127,968	127,968
Average Salary (including pension contributions)	\$67,648	\$67,648
# of Teachers earning below \$40,000	5,513	1,852
Average Salary of Teachers below \$40,000	\$34,130	\$37,393
Average Salary Gap	\$3,669	\$1,480
Average % increase of Adjusted Base Salary	10.75%	3.90%
Cost to reach \$40,000	\$20,224,696	\$9,710,952
New Average Salary if \$40,000 is minimum salary	\$67,807	\$75,261

A total of 610 Illinois districts would need to increase at least one of their teachers' salaries to meet new minimum salary requirements. A total of 390 districts would need to increase at least one of their teachers' salaries to meet new minimum salary requirements at a rate higher than the rate of inflation. (See Table 5A.)

A further examination of costs to individual districts reveals, however, that a vast majority of these districts face relatively low minimum teacher salary costs. (See Table 5B.) In fact, 75 to 90 percent of districts in Illinois face annual costs of less than \$5,000 from 2021 to 2023. While more districts face higher costs in 2024, all but 59 districts (7 percent) still face a cost of less than \$40,000 – the equivalent of the salary for just one full-time teacher.

Table 5A: Estimated Annual Direct Cost as a Result of New Minimum Teacher Salary

Year	# Districts Impacted	# Teachers Impacted	Direct Cost to Districts	Direct Cost (Above inflation-adjusted salaries)		
				Total Direct Cost	# Districts Impacted	# Teachers Impacted
2021	234	622	\$3,596,741	217	537	\$3,276,159
2022	328	1,182	\$1,852,899	262	744	\$1,251,577
2023	457	2,538	\$4,081,999	308	1,057	\$1,799,364
2024	610	5,513	\$10,693,056	390	1,852	\$3,383,852
Total	610	5,513	\$20,224,695	390	1,852	\$9,710,952

Table 5B: District Cost as a Percent of New Minimum Salary and Distribution of Cost by Number of Districts

District Cost (Direct, Inflation-Adjusted)	Cost as % of minimum salary for one full-time teacher	Number of Districts			
		2021	2022	2023	2024
\$0	0%	615	521	392	239
<\$5000	0-12.5%	80	231	257	213
\$5000-10000	12.5-25%	53	58	83	115
\$10000-20000	25-50%	62	22	67	120
\$20,000-40,000	50-100%	22	11	33	103
>\$40,000	One FTE	17	6	17	59

Direct costs provide a measure of costs legally required of districts by P.A. 101-0443, but total statewide impact should also take into account the possibility of associated costs of increasing minimum teacher salaries due to salary schedules. Table 6 shows the potential indirect costs of P.A. 101-0443 for districts.

Table 6: Estimated Potential Indirect Costs as a Result of New Minimum Teacher Salary

Year	Total Indirect Cost			Indirect Cost (Above inflation-adjusted salaries)		
	# Districts Impacted	# Teachers Impacted	Indirect Costs to Districts	# Districts Impacted	# Teachers Impacted	Indirect Costs to Districts
2021	328	2,413	\$5,732,359	272	1,283	\$4,243,658
2022	520	9,629	\$13,166,864	389	6,462	\$7,751,977
2023	650	2,538	\$24,473,886	506	3,726	\$13,213,516
2024	740	16,303	\$37,319,379	596	9,349	\$21,284,576
Total	740	16,303	\$80,692,488	596	9,349	\$46,493,727

2. What percentage of Evidence-Based Funding would underfunded districts be required to contribute toward minimum teacher salary?

On average, districts, including our state's most underfunded districts in Tier 1, are not required to spend a significant portion of their EBF dollars on increasing minimum teacher salary. This finding is unsurprising. –Many districts with minimum teacher salaries currently below \$40,000 are in Tier 1, but Tier 1 districts largely receive amounts of EBF dollars that sufficiently cover the cost of raising teacher salaries.

However, costs of minimum teacher salary for Tier 2 districts indicate that a small number of underfunded districts in Tier 2 will likely be required to contribute a large percentage of their projected EBF funding toward increasing minimum teacher salary. This finding is unsurprising given that a majority of EBF funding is allocated toward Tier 1 districts. Tier 2 districts – which are also severely underfunded, but not quite as much so as Tier 1 districts – will only begin receiving more funding in future years.

Table 7: Percent of EBF Funding Required to be Spent on Increasing Minimum Teacher Salaries

Funding Adequacy (2019)	Number of Underfunded Districts (2019)	Number of Teachers (2019)	Avg. Tier Funding Per Pupil (2019)	Average % of EBF Funding Required to be Spent on Increasing Minimum Teacher Salaries			
				2021	2022	2023	2024
Under 70%	416	67,891	\$ 228	3%	2%	3%	7%
70-75%	103	8,846	\$ 52	3%	2%	7%	22%
75-80%	56	7,989	\$ 35	4%	3%	6%	16%
80-85%	55	5,080	\$ 28	5%	3%	10%	25%
85-90%	22	3,557	\$ 28	12%	4%	8%	19%
TOTAL	652	93,363					

3. How many districts are required to contribute a significant portion of their EBF dollars toward minimum teacher salaries?

An examination of the average percentage of EBF funding required to pay for minimum teacher salaries by tier pinpointed Tier 2 districts as having potential pain points in meeting increasing minimums. Further analysis of the number of districts that are required to spend a large portion of their EBF dollars on minimum teacher salary increases shows us that the problem is not, however, particularly widespread. The number of Tier 1 and Tier 2 districts required to spend a large majority or all of their EBF dollars is small (~55) but noteworthy.

The approximately 55 districts that are most likely to face acute budgetary pressures from P.A. 101-0443 do so in part because low-funding Adequacy districts in Tier 2 have not yet begun to receive higher EBF dollars and would thus face lower pressure with an additional year or two years of EBF funding. Thus, the few districts facing the most acute pressures in the four-year phase-in model will likely be able to reach new minimum teacher salary levels without acute burden in a still relatively short-term manner.

Table 8: District Contribution of Tier Funding to Increasing Teacher Salaries as a Result of New Minimum Teacher Salary

	# Districts contributing over 40% Tier Funding				# Districts contributing over 80% Tier Funding				# Districts contributing over 100% Tier Funding			
	Year 1 (FY21)	Year 2 (FY22)	Year 3 (FY23)	Year 4 (FY24)	Year 1 (FY21)	Year 2 (FY22)	Year 3 (FY23)	Year 4 (FY24)	Year 1 (FY21)	Year 2 (FY22)	Year 3 (FY23)	Year 4 (FY24)
Funding Adequacy												
Under 70	8	7	12	42	2	1	5	16	2	1	3	8
70-75	3	1	9	30	2	1	4	11	0	1	1	7
75-80	1	2	6	12	1	1	4	8	1	1	4	7
80-85	3	3	11	15	2	2	6	13	2	1	5	11
85-90	2	1	3	7	1	0	3	6	0	0	3	6
TOTAL	17	14	41	106	8	5	22	54	5	4	16	39

5. Conclusion

P.A. 101-0443 charged the Professional Review Panel with considering the interaction of the Minimum Salary Act and the Evidence-Based Funding formula. Our analyses indicate that while the Minimum Salary Act has the potential to cost districts a portion of Tier Funding, the impact is not significant for the majority of districts and will correct itself over time and as the EBF formula gets closer to being fully funded.

As far as the impact of the Minimum Salary Act on EBF itself, the average salary costs used in the formula to calculate district Adequacy Targets will rise, and the overall cost of Adequacy will also increase. This will require more funding from the state in the long run to get all districts to 100 percent of adequate funding. ISBE updates salary-based cost elements to reflect changes in state average salary on an annual basis, which will capture this change in need and Adequacy. **Doing so does not require action on the part of the Professional Review Panel or General Assembly.**

P.A. 101-0443 will require individual Illinois districts to contribute approximately \$9 million to increasing minimum teacher salaries over the next four years. The impact is far greater for some districts than for others. On average, however, the cost burden of the new minimum teacher salary does not take up a large portion of EBF dollars. Districts currently below 70 percent of funding Adequacy will be required to spend 3 to 7 percent of their EBF tier dollars on raising salaries for teachers currently earning less than \$40,000.

The analyses included in this report demonstrate that the cost of the Minimum Salary Act's requirements only represents a disproportionate burden for a very small subset of districts. A few low-funding Adequacy districts would be required to spend a large majority (over 80 percent) of their new EBF tier dollars on raising teacher salaries. The number of Tier 1 and Tier 2 districts required to spend a large portion of their EBF dollars is small -- approximately 55 districts by Year 4 of the Minimum Salary Act phase-in.

These districts are both underfunded and currently employ teachers receiving compensation below the law's mandatory minimum amounts; therefore, they must use most or all of their new funding through the formula to meet the law's requirements. ISBE's existing waiver authority already provides these few districts with a mechanism that would allow them to extend the time they have to meet the law's required salary amounts.

Recommendation 1: The requirements of the Minimum Salary Act would represent a disproportionate burden for the approximately 55 districts that are furthest from full funding. ISBE's existing waiver authority already provides these few districts with a mechanism that allows them to seek a waiver from most state statutes. Accordingly, adversely affected districts have a mechanism by which they can seek to extend the time they have to meet the law's required salary amounts. That said, to ensure ISBE is not inundated with applications unlikely to be approved, **we recommend that ISBE remind districts of how to submit a waiver application, and also that the agency provide guidance to districts regarding the criteria it will be using to determine which districts are likely to be eligible and recommended for an extension of time to phase in the minimum salary amounts required by P.A. 101-0443.**

Recommendation 2: The more fully and quickly the state funds the Evidence-Based Funding formula, the greater the likelihood that districts will be able to both provide competitive compensation for educators and invest in the other evidence-based cost factors included in the formula, rather than requiring districts to choose how to use limited resources across competing priorities. **The PRP therefore encourages the state to work as aggressively as possible to fully fund the formula by 2027, as required by the Evidence-Based Funding for Student Success Act.**

6. Appendix

Source Data

There are four datasets compiled by the Illinois State Board of Education that provided information used for the Minimum Salary Act analysis. These four datasets, which include yearly district-level information for the Evidence Based Funding formula, teacher salaries, and district performance are the:

- **2019 ISBE Report Card:** The 2019 ISBE Report Card Dataset provides data regarding public school district classification, district location, and other geographical information for school districts, lab schools, Regional Offices of Education (ROEs), and other state-funded districts (e.g., the Illinois Mathematics and Science Academy). This dataset covered 865 unique districts in 2019.
- **2019 EBF Calculations:** The 2019 EBF Calculations Dataset provides information regarding EBF distribution calculations for public school districts, ROEs, Intermediate Service Centers (ISCs), and lab schools. It covered 921 unique districts in 2019. The 2019 EBF Calculations Dataset included organizational units that do not receive new EBF funding but may receive other state education funding.
- **2019 Educator Information System (EIS):** The 2019 EIS Dataset reports individual salary levels for all public-school employees by grade level. The EIS Dataset is used by ISBE to calculate average full-time teacher salaries in Illinois under EBF. The EIS Dataset is the only dataset that differentiates teachers by grade level; hence, it is the only dataset that provides the information needed to differentiate high school and elementary level teacher salaries for unit districts. The 2019 EIS Dataset covered 849 public school districts, but excluded all ROEs, special education co-ops, charter schools, and other state-funded organizational units.
 - **EIS Districts Dropped:** Deer Park School District 82 and Chester Non-High School District 122 were excluded as part of the 851 districts, resulting in an analysis of only 849 districts.
- **2019 Teacher Salary Study (TSS):** The 2019 TSS Dataset provides district-level information on numerous items, including district salary schedules. The TSS salary schedule data identifies whether a district has a salary schedule; if so, the month the salary schedule was adopted; union affiliation for a district's teachers; a district's Teachers' Retirement System (TRS) employer contribution percentage; and beginning and maximum salaries in a district for teachers with bachelor's and master's degrees. The 2019 TSS Dataset covered 897 unique districts, far more than the EIS Dataset. The reason the 2019 TSS dataset included more districts than the EIS Dataset is that the TSS Dataset includes special education co-ops, career centers, and charter schools that are not subject to the Minimum Salary Act.
 - **TSS Districts Dropped:** Thirty-one districts in the TSS Dataset were either "unreported" or were missing information. The following are the districts that were dropped:

- Armstrong TWP HSD 225 Armstrong-Ellis
- Bellwood SD 88
- Cons SD 61
- Chicago Heights SD 170
- Clay City CUSD 10
- County of Woodford School
- Dimmick Community Consolidated SD #175
- East Moline SD 37
- Erie CUSD 1
- Farmington Central CUSD 265
- Gardner CCSD 72
- Grayslake CHSD 127
- La Grange SD 102
- Lawrence County CUD 20
- Lebanon CUSD 9
- Leyden CHSD 212
- Morris SD 54
- Morrison CUSD 6
- New Holland-Middletown ED 88
- Oak Park-River Forest SD 200
- Peru ESD 124
- Polo CUSD 222
- Princeton HSD 500
- Riley CCSD 18
- Rossville-Alvin CUSD 7
- Serena CUSD 2
- Steward ESD 220
- Teutopolis CUSD 50
- Triad CUSD 2
- W Harvey-Dixmoor PSD 147
- Winthrop Harbor SD 1

1. Merging of Source Data

No single dataset provides enough information for a thorough analysis of all material impacts the Minimum Salary Act could potentially have on EBF. Moreover, certain datasets contained unique information needed either to isolate impacts and/or project potential costs. For instance, the EIS Dataset is the only dataset that allows unit districts to be sorted by educational level – high school versus elementary. The TSS Dataset, on the other hand, is the only dataset that included salary schedules for districts. Moreover, the ISBE Report Card Dataset provides important geographical information, while the EBF Calculations Dataset has accurate Tier Funding totals.

Hence, it was decided to provide two different analyses of the potential impact of the Minimum Salary Act on EBF – one based on the EIS Dataset, and the other based on the TSS Dataset. The analysis included in the main report is based on the EIS.

To perform these two separate analyses in a manner that was as consistent and relevant as possible, all four datasets were first aligned using individual district codes (RCDTS) in order to:

- a. **Utilize the most accurate EBF funding data:** The merging of datasets begins by using the 2019 EBF Calculations Dataset, which provides the most accurate and complete information on Evidence-Based Funding dollars.
- b. **Isolate only those districts subject to the Minimum Salary Act:** The 2019 EBF Calculations Dataset was filtered to include only public-school districts that are governed by a school board and, hence, affected by the Minimum Salary Act. This effectively excludes labs, ISCs, and ROEs. That left 851 remaining public-school districts.
- c. **Allow review of geographic differences:** 2019 EBF data for the isolated 851 districts was then merged with 2019 ISBE Report Card data to provide geographic information using RCDTS codes.
- d. **Ensure as much consistency in the districts being analyzed under the EIS and TSS approaches as possible:** These 851 districts were then compared to the 2019 EIS Dataset. Only two of the 851 districts from the combined 2019 ISBE Report Card/2019 EBF Calculations Datasets were not included in the 2019 EIS Dataset. Hence, the final dataset used for the EIS analysis (the Modified EIS Dataset), covered 849 public school districts. The Modified EIS Dataset provides unique value in that it allows for teacher salaries in unit districts to be isolated by educational level – high school versus elementary.

The shortcoming of the Modified EIS Dataset is that it does not include salary schedule information, which the TSS Dataset does cover. However, the TSS Dataset does not contain any information concerning teacher count or full-time equivalency (FTE). Therefore, the Modified EIS Dataset was then merged with the TSS Dataset to create a new Modified TSS Dataset, with the remaining districts sorted by RCDTS code, geographic location, and Tier Funding.

However, the new TSS Dataset did not cover the same districts as the EIS Dataset. The TSS Dataset included only 818 of the 849 districts covered by the Modified EIS Dataset; hence, the Modified TSS Dataset provided an analysis covering those 818 districts, which are a subset of the 849 districts covered in the Modified EIS Dataset.

2. Methodology A: Analysis based on the 2019 Modified EIS Dataset

a. Source Data: 2019 Modified EIS Dataset

The 2019 EIS Datasets provided by ISBE permit a more granular analysis of teacher salary by grade level (elementary and secondary) as well as overall. The elementary dataset isolated K-8 grade-level teacher salaries for both elementary districts and unit districts. Similarly, the high

school dataset provided information for 9-12 grade-level teacher salaries from both high school districts as well as unit districts. Both datasets together are the K-12 Dataset referenced below.

The K-12 Dataset used in the analysis includes all teachers who taught kindergarten through grade 12 in elementary, high school, and unit districts. The K-12 Dataset also includes professional development coaches and instructional coaches who are not included in the elementary and high school level datasets. This is because instructional coaches and professional development coaches are generally not assigned grade levels in the same way as classroom teachers.

The K-12 EIS Dataset includes the following data points for each K-12 teacher observation: RCDTS, School Year, FTE”, Base Salary, FTE Salary, and Retirement Enhancements (TRS contributions). The 2019 EBF Calculations Dataset was then aligned with the EIS Dataset to permit the aggregation of K-12 teacher observations by school district, county, and region.

b. Finding Prorated Minimum Salaries and Adjusted Base Salaries (including pension contributions)

An Adjusted Base Salary computation was developed to determine what the Minimum Salary Act’s potential costs to districts will be. This Adjusted Base Salary amount was developed by:

1. Starting with the Base Salary amount, or nominal salary a teacher earned in a given year, as identified in the EIS Dataset.
2. Creating a Prorated Minimum Salary for teachers who were less than full time (a full-time equivalent or FTE of less than <1.0). Part-time teachers are not technically included under the Minimum Salary Act, but it is probable that part-time teacher salaries will increase in proportion to the salaries of their full-time counterparts. To prorate minimum salaries, the \$40,000 minimum salary for FTE=1.0 (i.e., the final minimum salary required when the Minimum Salary Act is fully implemented) was multiplied by each FTE under 1.0 to determine the proportional minimum salary for each teacher. For instance, a teacher who was FTE=0.5 would have a minimum salary of 0.5 times \$40,000 in FY 2024, or \$20,000, as demonstrated in Table I.

Table I

FTE	FY2024 Prorated Minimum Salary
1.0	\$40,000
0.5	\$20,000
0.67	\$26,800

After a Prorated Minimum Salary was created for each teacher, a binary variable – 1 for yes and 0 for no – was assigned to each teacher to indicate whether or not such a teacher’s Adjusted Base Salary fell below the FY 2024 Prorated Minimum Salary. If an Adjusted Base Salary fell below the Prorated Minimum Salary applicable to FY 2024, for example, a number 1 was indicated. If an Adjusted Base Salary was above such Prorated Minimum

- Salary in FY 2024, a 0 was indicated.
3. **Creating an Adjusted Base Salary that includes pension contributions that districts make to the Teachers' Retirement System on behalf of teachers.** Under Section 24-8 of the Minimum Salary Act, any district contributions made on behalf of a teacher to cover any portion of such teacher's pension contribution is considered "salary." Therefore, the Adjusted Base Salary amount includes both the Base Salary adjusted for part-time teachers and districts' pension contribution.

c. Calculate Individual Salary Gaps

i. Calculate Individual Teacher Salary Gaps

A teacher's Adjusted Base Salary was subtracted from that teacher's Prorated Minimum Salary to calculate the difference in salary needed to reach the required minimum salary for each teacher earning less than the minimum. This "gap calculation" represents the cost, if any, to increase each teacher's current salary to minimum salary by the final year of the implementation. If an observation was negative (due to a teacher's current salary already exceeding the new minimum salary), the gap was altered to equal 0 so as not to over-represent potential cost.

Teacher's Prorated Minimum Salary -Teacher's Adjusted Base Salary = Gap

Table II: Gap in Salary Calculation Example

Prorated Minimum Salary	Teacher Adjusted Base Salary	Gap
\$40,000	\$36,000	\$4,000
\$20,000	\$18,000	\$2,000
\$40,000	\$42,000	\$0

ii. Create New Dataset Including Teachers Below the Minimum Salary Only

A new, smaller dataset using the binary variable indicating whether teachers are earning below their prorated minimum salary was created for teachers who earned less than the Prorated Minimum Salary in FY 2019. This dataset showed the weighted average Adjusted Base Salary and the weighted gap for all teachers earning less than the Prorated Minimum Salary.

iii. Determine the Overall Gaps in Salary for Part-Time and Full-Time Teachers

The dataset for teachers below the minimum salary was then filtered to create two new datasets for part-time ($FTE < 1.0$) and full-time ($FTE = 1.0$) teachers. The sum of the potential cost of the gap for full-time teachers to reach the minimum \$40,000 salary was calculated, as was the average gap. The sum of the potential costs of the gap for part-time teachers to reach each teacher's Prorated Minimum Salary was calculated,

as was the gap to reach the Prorated Minimum Salary. This provides a weighted average gap for full-time and part-time teachers.

iv. Repeat this Process for Disaggregated Elementary and Secondary Teacher Data

The methodology outlined in parts b and c of this section were repeated for the K-12 dataset, elementary dataset, and secondary dataset. This disaggregation is necessary for analysis of impact on EBF because EBF uses different salary variables for elementary and secondary teachers.

d. Calculate the Cost for Each Year of the Minimum Salary Act

Steps i-vii of the methodology calculated the gap to *full implementation* of the Minimum Salary Act. To determine the yearly impact, however, steps i-vii needed to be repeated for each year of the Minimum Salary Act using the annual minimum salary applicable for each such year under the law.

Using the Modified EIS Dataset, the Prorated Minimum Salary for each year was completed, beginning with \$32,076 in FY 2021, the first-year minimum salary. Following the same steps, after finding each teacher's Prorated Minimum Salary, the binary variable was assigned to reflect whether a teacher's Adjusted Base Salary fell below the Prorated Minimum Salary. The binary variable provided a count of the number of teachers affected in the first year only. The next step was to calculate the gap – or specifically, the gap of the first year of implementation -- by subtracting the applicable Adjusted Base Salaries from their corresponding Prorated Minimum Salaries.

A step was added to the methodology to find the potential cost for each subsequent year. If any Adjusted Base Salaries were below their respective first-year Prorated Minimum Salaries, said Adjusted Base Salaries were increased to reach the minimum, essentially removing any gap in salary for that year.

For example, for FY 2021, the first year of the minimum salary phase-in, any teacher earning an Adjusted Base Salary less than his or her Prorated Minimum Salary based on \$32,076 for one FTE would have his or her Adjusted Base Salary increased to the relevant Prorated Minimum Salary. This was indicated as a Post Salary. The FY 2021 Post Salaries were then used as a starting point for FY 2022, such that no teacher observations would fall below the \$32,076 Prorated Minimum Salary. This helped ensure potential costs would not be overstated.

This step was repeated each year through FY 2024, adjusting the Prorated Minimum Salary to comport with the Minimum Salary Act.

e. Calculate the Adjusted Base Salary as a Percent of the Minimum Salary

To estimate potential indirect costs associated with the implementation of the Minimum Salary Act, each teacher's Adjusted Base Salary was calculated as a percentage of the Prorated Minimum Salaries for each year of implementation. This allows teachers who have Adjusted Base Salaries in excess of their respective Prorated Minimum Salaries to be sorted in relation to both each other

and to teachers whose Adjusted Base Salaries fall below the applicable Prorated Minimum Salaries. For instance, calculating the percentage for FY 2021 would include:

$$\frac{\text{Teacher's Adjusted Base Salary}}{\text{Prorated Minimum Salary (e.g. \$32,076 for FY21)}} * 100$$

This process was then repeated for each succeeding year of the implementation. A percentage less than 100 percent reflects a teacher earning less than the Prorated Minimum Salary. A percentage greater than 100 percent reflects a teacher earning more than the Prorated Minimum Salary. New average Adjusted Base Salaries were calculated using the Percent of Prorated Minimum Salary calculation following each yearly implementation.

For instance, any FTE teacher earning less than \$32,076 in FY 2021 would be mandated by law to earn \$32,076. This salary would be reflected as such teacher's Post Salary. All other teachers earning 100 percent or more of the minimum salary would not be *directly* affected at this time and their Post Salary would be equivalent to their initial Adjusted Base Salary, as seen in Table III.

Table III: FY 2021 Post Salary Example

Teacher Adjusted Base Salary	% of Prorated Minimum Salary (FY2021)	Post Salary (FY2021)
\$35,000	109%	\$35,000
\$27,000	84%	\$32,076
\$76,000	237%	\$76,000
\$32,000	99.7%	\$32,076
Average Salary		New Average Salary
\$42,500		\$43,788

At this step, the dataset reflects direct changes to salaries only. The new average salary calculated using the Post Salaries shows only direct cost increases and will be used in calculations for subsequent years. This direct salary calculation step was repeated for each year of the Minimum Salary Act.

Another data point for measuring the potential direct impact is the Percent Increase of a teacher's Adjusted Base Salary to reach the minimum salary. The Percent Increase was calculated by dividing the gap by the teacher's Adjusted Base Salary. Multiplied by 100, this percentage became the Percent Increase of the Adjusted Base Salary for each teacher to reach the minimum salary.

$$\frac{\text{Gap}}{\text{Teacher's Base Salary}} * 100 = \text{Percent Increase}$$

f. Calculating Indirect "Trickle Up" Costs – Labor Market Impact

Potential indirect salary impacts were calculated after the Adjusted Base Salaries for

teachers directly affected by the new teacher minimum salary requisites were determined. Indirect impacts are adjustments that will likely be made to teacher salaries already above the statutory minimums as the labor market for teacher salaries adjusts to the new minimums. One conservative and respected model for projecting the indirect impact of changes in minimum pay scales has been developed by the Economic Policy Institute (EPI).¹⁰ The EPI's minimum wage simulation model projects that overall, when a minimum wage is increased in a labor market, equal or up to 115 percent of the new minimum will increase annually thereafter at the rate needed to maintain pre-existing proportional pay advantages.

Under the EPI model, wages already 116 percent of more than the new minimum wage levels are impacted only in immaterial ways. This is likely the case in most labor markets, but the teacher labor market in Illinois is fully unionized. Most private sector labor markets are not. Hence, the estimate of indirect costs using the EPI methodology likely underestimates potential indirect costs, as a fully unionized labor market is apt to require more material salary increases even for wage levels in excess of 115 percent of the new minimums in non-unionized markets.

Indeed, the EPI methodology was chosen because it is robust and conservative. This ensures estimated indirect costs associated with the Minimum Salary Act will not be overstated. Using the EPI methodology, any Adjusted Base Salaries that were between 100 and 115 percent of the new Prorated Minimum Salary for the applicable year would increase proportionally to maintain their relative position in relation to the new Prorated Minimum Salary.

Table IV

Teacher Adjusted Base Salary	% of Prorated Minimum Salary (FY2021)	Post Salary (Projecting Direct & Indirect Increases)
\$35,000	109%	\$38,190
\$27,000	84%	\$32,076
\$76,000	237%	\$76,000
\$32,000	99.7%	\$32,076
Average Adjusted Base Salary		New Average Adjusted Base Salary
\$42,500		\$44,586

As shown in Table IV, if a teacher's Adjusted Base Salary in FY 2021 is \$35,000, it is greater than the minimum salary required by law of \$32,076. Mathematically, the teacher salary of \$35,000 is approximately 109 percent of the new FY 2021 legal minimum and within the methodological range identified by EPI for an indirect adjustment to maintain proportional advantage.

Therefore, the indirect impact on this particular Adjusted Base Salary – or trickle-up effect – would be an increase of 9 percent of the teacher's Adjusted Base Salary prior to the Minimum Salary Act. Thus, it would increase from \$35,000 to \$38,190 for FY 2021.

The indirect salary calculation step was repeated for each year of implementation of the Minimum Salary Act.

3. Methodology B: Analysis based on the 2019 Modified TSS Dataset

The main body of this report focuses on results from the Methodology A analysis, but this additional analysis is included to provide a sense of a potential maximum effect of the new Minimum Salary Act on salary schedules. Methodology B, which uses the Modified TSS Dataset, assumes all teacher salaries will increase by the same amount if any teachers are affected by the Minimum Salary Act. Hence, if a first-year, full-time teacher's salary has to increase by \$2,000 to comply with the Minimum Salary Act, then all teachers in that district -- regardless of step or lane -- will also realize salary increases of \$2,000.

The Modified TSS Dataset is a district-level, rather than individual-level dataset, so it does not comport well with the EPI approach to estimating indirect costs. Methodology B makes no additional individual-level estimate of indirect impacts for districts with minimum teacher salaries already above the new legal requirements. Calculations for Methodology B were conducted as follows:

a. Calculate Inflation-Adjusted Salaries

Using the Modified TSS Dataset, beginning bachelor-level salaries for each district were increased by an average 3 percent inflation rate. This resulted in the 2020-21 potential salaries per district for a beginning first-year teacher. This inflation adjustment was continued for each subsequent year of the implementation of the Minimum Salary Act.

b. Determine Districts Affected

If in a given year the projected beginning bachelor-level salary for a district fell below the required minimum salary, a 1 was indicated. If the beginning bachelor-level salary for a district was above the minimum salary, a 0 was indicated. The number of districts directly impacted by the Minimum Salary Act was then identified.

c. Calculate District Salary Gaps

For any districts where a 1 was indicated because the beginning bachelor-level salaries fell below the new yearly minimum salary, the difference between said new minimum salary and the beginning bachelor-level salary of a district was calculated, as shown in Table V.

Table V

New Minimum Salary	Inflation-adjusted Beginning Bachelor Salary for District A	Gap for District A
\$32,076	\$30,000	\$2,076

d. Calculate District Costs

The calculated gap for districts with beginning bachelor-level salaries below the new minimum salary was multiplied by the product of that district's average of FTEs times the total teachers to determine the cost for that district in the applicable year, as shown in Table VI.

Table VI

Teachers in District A	Average FTE in District A	Adjusted Teachers in District A
30	.96	28.8



Adjusted Teachers in District A	Gap for District A	Cost for District A
28.8	\$2,076	\$59,788.8

4. Additional Tables

Overall findings are included in the body of this report. The tables here provide additional disaggregated results by elementary/ secondary teachers, region of the state, and funding Adequacy.

Table VII: K-8 Teachers

Table VII: K-8 Total	
# of Teachers	88,267
Average Salary (with TRS)	\$64,896
# of Teachers below \$40,000	4,249
Average Salary of Teachers below \$40,000	\$34,413
Average Salary Gap	\$3,579
Average % increase of Adjusted Base Salary	10.4%
Cost to reach \$40,000	\$15,207,594
New Average Salary if \$40,000 is minimum salary	\$65,068

Table VIII: K-8, Regional Analysis

Region	Total number of teachers	Teachers earning less than \$40K min. salary (ft/pt)	% of teachers earning less than \$40K by Region	Share of teachers earning less than \$40K	Total Gap	Average Gap (wtd.)

Collar	25,456	500 (434/66)	1.96%	11.77%	\$2,140,299	\$4,281
Cook	18,309	272 (215/57)	1.49%	6.40%	\$1,288,914	\$4,739
CPS ²	13,858	51 ^{vi} (6/45)	0.37%	1.20%	\$162,451	\$3,185
Downstate	30,644	3426 (2983/443)	11.18%	80.63%	\$11,615,929	\$3,391
Total	88,267	4249 (3683/611)	4.81%	100.00%	\$15,207,594	\$3,579

Table IX: 9-12 Teachers

Table IX: 9-12 Total	
# of Teachers	39,137
Average Salary (with TRS)	\$73,383
# of Teachers below \$40,000	1,409
Average Salary of Teachers below \$40,000	\$33,985
Average Salary Gap	\$3,740
Average % increase of Adjusted Base Salary	11.00%
Cost to reach \$40,000	\$5,269,767
New Average Salary if \$40,000 is minimum salary	\$73,518

Table X: 9-12, Regional Analysis

Region	Total number of teachers	Teachers earning less than \$40K min. salary (ft/pt)	% of teachers earning less than \$40K by Region	Share of teachers earning less than \$40K	Total Gap	Average Gap (wtd.)
Collar	11,780	91 (83/8)	0.77%	6.46%	\$621,050	\$6,825
Cook	8,009	27 (17/10)	0.34%	1.92%	\$203,849	\$7,550
CPS ³	4,845	14 ^{vii} (3/11)	0.29%	0.99%	\$79,266	\$5,662
Downstate	14,503	1,277 (1089/188)	8.81%	90.63%	\$4,365,603	\$3,419
Total	39,137	1,409 (1192/217)	3.60%	100.00%	\$5,269,767	\$3,740

Table XI: K-12, Regional Analysis

Region	Total # of teachers	Teachers earning less than \$40K (ft/pt)	% of teachers earning less than \$40K by Region	Share of total teachers earning less than \$40K	Total Gap Nominal \$	Average Gap (wtd.) Nominal \$	Total Gap ECI Inflation-Adjusted	Average Gap (wtd.) ECI Inflation-Adjusted
Collar	37,679	592 (516/76)	1.57%	10.74%	\$2,761,196	\$4,664	\$1,914,894	\$3,235
Cook	26,762	316 (234/82)	1.18%	5.73%	\$1,680,327	\$5,317	\$1,295,313	\$4,099
CPS ⁱ	19,029	65 ^{iv} (9/56)	0.34%	1.18%	\$241,717	\$3,719	\$177,248	\$2,727
Downstate	44,498	4,540 (3922/618)	10.20%	82.35%	\$15,541,456	\$3,423	\$6,323,496	\$1,393
Total	127,968	5,513 (4681/832)	4.31%	100%	\$20,224,696	\$3,669	\$9,710,952	\$1,761

a. Additional Tables on Minimum Teacher Salary Costs as a Percentage of EBF Funding, by Tier

Methodology B provides cost estimates, including salary schedules for 818 districts in the state. (Thirty-one districts with available data in the Modified EIS Dataset do not have available data in the Modified TSS Dataset.) Table XII provides an estimate of the number of districts affected by the new Minimum Salary Act each year, as well as the overall cost to the state.

Table XII: Number of Districts Affected by the Minimum Salary Act and Cost, by Year

Year	Districts Affected	Cost
2021	11	\$431,230
2022	54	\$1,759,255
2023	106	\$5,290,241
2024	184	\$15,968,528
Total	184	\$23,449,254

(Note, these amounts are already adjusted for inflation using 3 percent per year as the modifier.)

Using 2019 EBF Tier levels for each year of the law, Table XIII shows the Tier breakdown of the districts affected each year. Each year, more Tier 2 districts are affected than any other Tier.

Table XIII: Number of Districts Affected by the Minimum Salary Act, by Year and Tier

Tier	2021	2022	2023	2024
1	3	18	34	63
2	6	28	58	98
3	0	1	3	11
4	2	7	11	12
Total	11	54	106	184

Methodology A also allows for an estimate of districts' average percent of EBF Tier Funding that will be required to be spent on increasing teacher salaries. To determine this cost by tier, each district's average of FY 2018 and FY 2019 Tier Funding was first determined. Then, the yearly cost for each district was calculated as a percentage of its average Tier Funding, assuming Tier Funding levels will remain stable. District data was then aggregated according to FY 2019 tier level. Resulting data is presented in Table XIX and shows that while Tier 1 districts do not, on average, need to contribute much of their Tier Funding to increase minimum teacher salaries, some Tier 2 districts may (hence, the analysis in Section 3 of the main report).

Table XIX: Direct and Indirect Costs as a Percentage of Tier Funding

Tier	2021	2022	2023	2024
1	2.14%	1.35%	1.91%	3.44%
2	9.25%	3.27%	6.21%	14.41%
3	12.42%	7.00%	10.22%	26.01%
4	181.33%	65.28%	123.60%	188.02%

5. Note on ISBE FTE Salary EBF Calculations

To calculate components of the EBF, ISBE creates a variable using Base Salary and FTE. The Adjusted Base Salary is adjusted upward, converting any teachers who are part time ($FTE < 1$) to full time ($FTE = 1$). The FTE salary is then used by ISBE to calculate average salaries for teachers in elementary school (K-8) and high school (9-12) and all teachers K-12. Each year, those average salaries for elementary and high school teachers and K-12 teachers are used as part of the calculations for the EBF formula. FTE salaries do not include TRS contributions. It is merely the conversion of all FTE to equal 1.0 and taking the average of all salaries across the state (by grade level).

ⁱ Nine full-time Chicago Public Schools (CPS) teachers were reported having salaries below \$40,000 due to data validation still occurring at the time of this analysis. However, the Base Salary for a first-year, full-time teacher was \$57,877 in the 2018-2019 school year, according to CTU salary structure. It is possible those nine teachers are considered CPS teachers but are part of a charter network that does not follow the same salary requirements.