

DODEN FOR INDIANA WHITE PAPER: K-12 TEACHER INVESTMENT PROGRAM



Public Policy: K-12 Teacher Investment Program

Problem to Solve:

Education is enshrined in Indiana's Constitution as a priority for very good reasons. Any state that strives for excellence must invest in educating its population. Unfortunately, Indiana's K-12 education system is at a critical juncture. As of July 29, 2022, there are over 2,100 direct teaching vacancies throughout Indiana's public K-12 schools. The teacher shortage disproportionately affects rural Indiana because rural school districts make up 68% of all school districts in the state.

Compounding the vacancy problem is the state's pipeline of future teachers. Of the 11,080 students that pursued a bachelor's degree in education, only 4,533 students (41%) completed their degree. Of the 4,533 students that completed their degree, only 2,503 earned an initial instructional license. And of those 2,503, only 1,477 remained teaching for a second year.

Additionally, Indiana teachers under 30 years of age represented only 15.6% of the K-12 teacher population. Over 66% of the teacher population were between the ages of 30 and 54.

For several years, Indiana has allocated \$37.5 million/year to Teacher Appreciation Grants, which are awarded to effective and highly effective teachers. While this program may be effective at rewarding great teachers, it has not yet moved the needle in reducing teaching vacancies. And with a median award of \$50,151 across Indiana's 381 school corporations, it should be no surprise.

The bottom line is that too many school corporations are unable to attract and retain quality teachers. This poses an existential threat to the children of Indiana and our overall economic wellbeing.

Doden for Indiana Plan:

We must increase the number of young adults entering the teaching profession and retain existing teachers longer. We also believe in the principle of "local control," as well as the accountability that comes with it. Our plan makes school teachers the only tax-free profession within our state tax code and is designed to be additive to any local or regional efforts aimed at ensuring our children are served by capable teachers.

1. Repeal the state income tax for all K-12 teachers in Indiana.

K-12 teachers are at the frontline of fostering a culture of learning among young Hoosiers that allows them – and our state – to pursue excellence. Repealing the state income tax for K-12 teachers in Indiana should be viewed as an investment in the future of our youth, our communities, and our economy. For teachers who achieve at least 20 years of service in teaching, the tax exemption becomes permanent – capped at their highest level of compensation as a teacher – so long as their primary residence remains in Indiana.

2. Provide refundable state income tax credit to offset property taxes for eligible K-12 teachers.

For teachers who achieve at least 5 years of service in teaching and who own or purchase a primary residence in Indiana, provide an automatic refundable income tax credit equivalent to their annual property tax bill, up to \$3,000. For teachers who achieve at least 20 years of service in teaching, the tax credit becomes permanent so long as their primary residence remains in Indiana.

¹ Indiana Department of Education, School Personnel Job Bank. <https://app.hirenimble.com/jobs/state/in>

² Understanding the Teacher Pipeline for Indiana's K-12 Public Schools (2021) <https://files.eric.ed.gov/fulltext/ED610909.pdf>

³ Average and Median Age of Public School Teachers (2017-2018), National Center for Education Statistics https://nces.ed.gov/surveys/https/tables/ntps1718_ftable02_t1s.asp

3. Minimize teachers with student debt.

With 42% of educators ages 18-35 carrying \$65,000 or more in student loans, and average teacher pay that ranks 41st in the country, there is little financial incentive to enter the teacher workforce in Indiana. We will negotiate with our state-funded universities and help them develop programs that lower the cost of a teaching degree for students who graduate and continue on to teach in Indiana.

4. Incentivize administrative efficiency.

To further incentivize the recruitment of teachers at all levels, establish a minimum ratio of certified teachers and teacher aides to students that must be achieved in order for a school corporation to increase its administrative workforce FTE equivalent headcount.

Implementation Process:

Establish Metrics:

- Work with the Indiana Department of Education to record a baseline of existing K-12 teachers ages 18-35 so that progress can be measured.

- Coordinate attraction and retention efforts with state universities to market the financial incentives that come with being a K-12 teacher in Indiana. Measure and track the number of college students pursuing teaching degrees.

Agency Coordination:

- Work with the Indiana Department of Revenue and the Department of Education to accurately capture who is eligible for zero state income tax.
- Coordinate with the Indiana Department of Revenue, the Department of Local Government Finance, and the Department of Education to ensure eligible K-12 teachers receive a property tax credit.
- Work with state-funded universities, the Indiana Commission for Higher Education, and the Department of Education to develop a student loan assistance program for eligible teachers.

Cost:

- Indiana currently has over 67,120 K-12 teachers in the public school system with an average salary of \$53,072.⁵ At a 3.1% state income tax rate, the maximum fiscal impact of repealing state income tax for public K-12 teachers would equal \$110 million. With a home ownership rate of 73% in Indiana, the property tax credit would likely not exceed \$147 million/year for public school teachers. The fiscal impact associated with the tax exemption and tax credit for private school teachers will require further assessment. The costs of implementing numbers 3 (minimize student debt for teachers) and 4 (incentivize administrative efficiency) are expected to be de minimis.

Desired Outcome of Policy:

Within 8 years, our K-12 teacher retention and attraction plan should accomplish the following:

- A 60% completion rate for college students seeking a degree in education.
- Achieve 85%+ of teachers who are still teaching after their first 2 years in the profession.
- Attract teachers to Indiana from other states at a rate greater than the rate of Indiana's overall net-migration.

Projected Impact:

- Increased stability in the classrooms, enhancing student achievement.
- A growing pipeline of K-12 teacher talent.
- Net growth in the number of K-12 teachers throughout Indiana.

⁴ National Education Association, Student Loan Debt Among Educators, July 2021. <https://www.nea.org/sites/default/files/2021-07/Student%20Loan%20Debt%20among%20Educators.pdf>

⁵ IEERB Statewide Report (2021)