Teacher Compensation: One Tool to Elevate the Profession

Presentation to the Mississippi Senate Education Committee: September 15, 2021
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Where Policy Meets Practice

Support Action in states and schools, policy and practice

How We Work

Analyze & Publish data, research, promising practices

Convene & Engage decision-makers in education, government, business
Why do we have a teacher shortage issue?

Limited recruitment

Limited pathways

Lack of quality supports

Lack of esteem for the profession

Lack of career advancement in the classroom

School culture and working condition issues

Lack of statewide incentives for teacher leaders

Gaps in school leadership

Low teacher autonomy

Inappropriate Barriers to entry

Licensure and pay based on inputs over outcomes

Not enough on-the-job learning
Will improving teacher compensation packages solve teacher shortages?

Pay is only one piece of a much larger puzzle.
Teacher Compensation

More Than Salary Matters

**SALARY**
- Average salary and state salary schedules
- Cost of Living Index
- Wage comparisons

**HEALTH BENEFITS**
- Coverage
- Cost for employees
- Cost for states

**RETIREMENT**
- Pension vs. Investment
- Adequacy of Savings
- Unfunded Liabilities
Teacher Salaries

1980’s salary > 2020

National average > SREB region

Teacher wage gap

Some qualify for government assistance
Teacher Salaries, 2018-2019

Teachers are paid 20.7% lower in the South than other similarly educated professionals in the region.

How does your state stack up?

Mississippi

Cost of Living Index: 88.2%
Wage Penalty: 15.2%
Average Starting Salary: $35,067
Average Overall Salary: $46,105
Average Top Salary: $68,662

<table>
<thead>
<tr>
<th></th>
<th>Cost of Living Index</th>
<th>Teacher Wage Penalty</th>
<th>Average Starting Salary</th>
<th>Average Overall Salary</th>
<th>Average Top Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Average</td>
<td>98.1%</td>
<td>-20.7%</td>
<td>$38,420</td>
<td>$53,240</td>
<td>$66,534</td>
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<tr>
<td>National Average</td>
<td>100%</td>
<td>-19.2%</td>
<td>$40,154</td>
<td>$62,304</td>
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Mississippi's average top salary is above the regional average.

**Average Annual Gross Teacher Salaries**

- Bachelor's Degree: $35,067
- Master's Degree: $37,502
- All Teachers: $45,105
- Top Salary-BA: $53,779
- Top Salary-MA: $61,678
- Top Salary: $68,502

In Mississippi teachers make 15.2% less per week than their similarly educated peers in other fields.

**State Minimum Salary Schedule**

- Bachelor's Degree: $36,700, $39,020, $45,260, $50,820
- Master's Degree: $34,390, $36,700, $40,025, $45,260, $50,000

In Mississippi, it will take a teacher 35 years to reach the top of the minimum salary schedule.

To reach $50,000 it will take up to 30 years with a Bachelor's degree, 23 years with a Master's degree, or 16 years with a Doctorate.
Average Salaries: Mississippi vs. SREB Region 2019-20

Mississippi’s cost of living is 84.6% for 2019-20.
Starting salaries have increased more over time than salaries for experienced teachers in the last seven school years, yet Mississippi still leads in the region for average top salary.
Teacher Salary Improvements

Potential Improvement:
Raise starting and mid-career salaries to competitive levels

Potential Improvement:
Provide stipends to access quality professional growth resources

Potential Improvement:
Create statewide Teacher Leader roles with pay

Potential Improvement:
Fund adequate support staff

Potential Improvement:
Fund teacher well-being strategies
Teacher Health Benefits

- Low individual but high family premiums
- Two coverage options
2019-20 Teacher Health Benefits in Mississippi

**Number of State Health Benefit Options**
- **2** PPO Plans
- **0** HMO Plans
- **1** HDHP Plans

**PPO Plans Summary**
- **Premium Range**
  - Individual: $39
  - Family: $705
- **In-Network Deductible Range**: $1,000-$2,000
- **Out-of-Pocket Maximum Range**: $6,500-$13,000

**HMO + HDHP Plans Summary**
- **Premium Range**
  - Individual: $0
  - Family: $611
- **In-Network Deductible Range**: $1,800-$3,000
- **Out-of-Pocket Maximum Range**: $6,500-$13,000

**Regional Average**
- Individual Premium: $125
- Individual Deductible: $1,396
- Family Premium: $624
- Family Deductible: $3,040

Potential Improvement: Lower monthly employee family premiums
Teacher Retirement Benefits

Defined benefit plans and tiers vs. Defined contribution and hybrid plans

Do pensions = better savings?

Limited choice in MS
Potential Improvement:
Lower the vesting period

Potential Improvement:
Offer a defined contribution retirement plan option
Teacher Take-Home Pay

Average salary after deductions for new, mid-career and veteran teachers

Net salary shock
2019 Teacher Take-Home Pay in Mississippi

**Typical 1st Year Teacher**

- **Gross Annual Salary**: $35,067
- **Monthly Gross Pay**: $2,922.25
- **$263.00 Retirement Contribution**
- **$0.00 Health Premium**
- **$222.94 Federal Tax**
- **$164.87 FICA**
- **$38.56 Medicare**
- **$106.00 State Tax**
- **$2,126.88 Monthly Net Pay**

- **Net Annual Salary**: $25,523

**Typical 15th Year Teacher**

- **Gross Annual Salary**: $45,105
- **Monthly Gross Pay**: $3,758.75
- **$338.29 Retirement Contribution**
- **$705.00 Health Premium**
- **$139.21 Federal Tax**
- **$193.36 FICA**
- **$39.37 Medicare**
- **$109.37 State Tax**
- **$2,260.52 Monthly Net Pay**

- **Net Annual Salary**: $27,126

**Typical 35th Year Teacher**

- **Gross Annual Salary**: $68,562
- **Monthly Gross Pay**: $5,713.50
- **$514.22 Retirement Contribution**
- **$705.00 Health Premium**
- **$345.98 Federal Tax**
- **$273.65 FICA**
- **$65.17 Medicare**
- **$193.00 State Tax**
- **$3,505.49 Monthly Net Pay**

- **Net Annual Salary**: $43,266

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**Regional Average**

- **1st Year Teacher**: $38,420.25
- **15th Year Teacher**: $54,271.00
- **35th Year Teacher**: $66,099.00

- **Annual Gross Salary**: $38,420.25
- **Annual Net Salary**: $27,850.55
- **$34,613.73
- **$44,105.04**
Summary of SREB Solutions

- Raise starting and average salaries to be more competitive
- Create teacher stipends to access quality professional growth
- Institute teacher leadership roles with pay
- Fund adequate support staff
- Fund teacher well-being programs
- Lower monthly employee family premiums
- Lower the vesting period for retirement
- Offer a defined contribution retirement plan option
Teacher Compensation

Long-term Investment Solution

- Revise teacher salary schedules (and licensure policy) based on demonstrated competencies and accomplishments in the classroom
  - Raise starting wages in the schedule
  - Include paid teacher residency and advanced roles
  - Incentivize positive student impact and equitable distribution of teaching talent
  - Legislatively mandate regular cost-of-living pay increases and licensure renewal* pay increases
Long-term Commitment and Systemic Change to Elevate the Teaching Profession