What does the evidence say about teacher compensation?

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What does the evidence say?

- First and foremost, teacher compensation matters.
- Second, teachers are not compensated in the same manner as other professionals.
- Third, aligning compensation practice with the evidence could help North Carolina recruit and retain higher quality teachers.

Teacher compensation matters

- Schools or districts that offer higher salaries enjoy:
  - Lower turnover rates (Clotfelter, Glennie, Ladd, Vigdor).
  - Greater success in recruiting experienced and highly qualified teachers to fill vacancies (Talent Transfer Initiatives).
  - Better student performance.

Teacher compensation matters

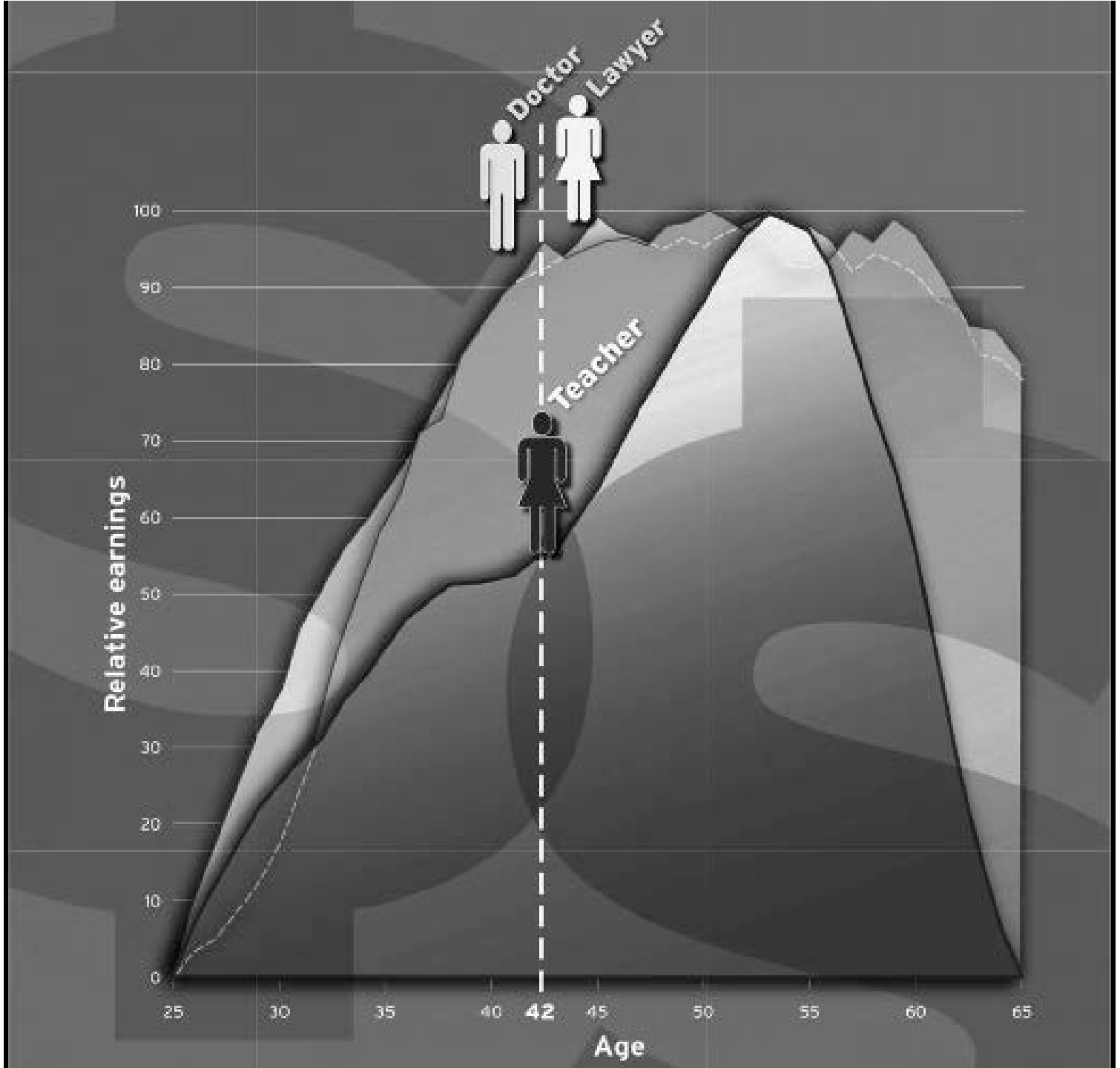
- A highly effective teacher creates benefits for society in the long run (Chetty, Friedman, and Rockoff).
  - Students will go on to more productive careers on average. Government recoups money through higher tax receipts.
  - Students less likely to require public assistance or to enter the correctional system, creating savings to taxpayers.

Teacher compensation matters

- Recent evidence contradicts “conventional wisdom” that salaries don’t matter.
  - Early studies of teacher compensation directly compared high and low salary schools.
  - Problem: high salary schools pay more because they have to in order to compete (Newark, NJ).
  - More recent studies analyze scenarios where otherwise similar teachers in the same schools are paid differing amounts.

Teachers are not paid the same as other professionals

- Pattern observed among college-educated professionals:
  - Early years of the career marked by “learning on the job” (medical residencies, postdocs). Compensation is modest in these years.
  - Significant career hurdles appear about 5-10 years into the career (e.g., making partner at a law firm). Success is not guaranteed.
  - Once past the hurdle, pay “plateaus.” A 40-year old earns about the same as a 55-year-old.


Doctor
Lawyer
Teacher
Relative earnings
100
90
80
70
60
50
40
30
20
10
0
25
30
35
40
42
45
50
55
60
65
Age

Teachers are not paid the same as other professionals

- Basic labor economics: salaries should reflect productivity. When professionals are below "peak" productivity (e.g., when they are learning on the job), they earn below "peak" salaries.
- Are educators different? Does it take much longer for them to reach "peak" productivity?


Increment to student test scores*
Increment to salary
80
70
60
50
40
30
20
10
0
Percent increase relative to a new teacher
1 to 2 years
3 to 5 years
6 to 12 years
13 to 20 years
21 to 26 years
more than 27 years
Experience level
*In standard deviation units

Teachers are not paid like other professionals

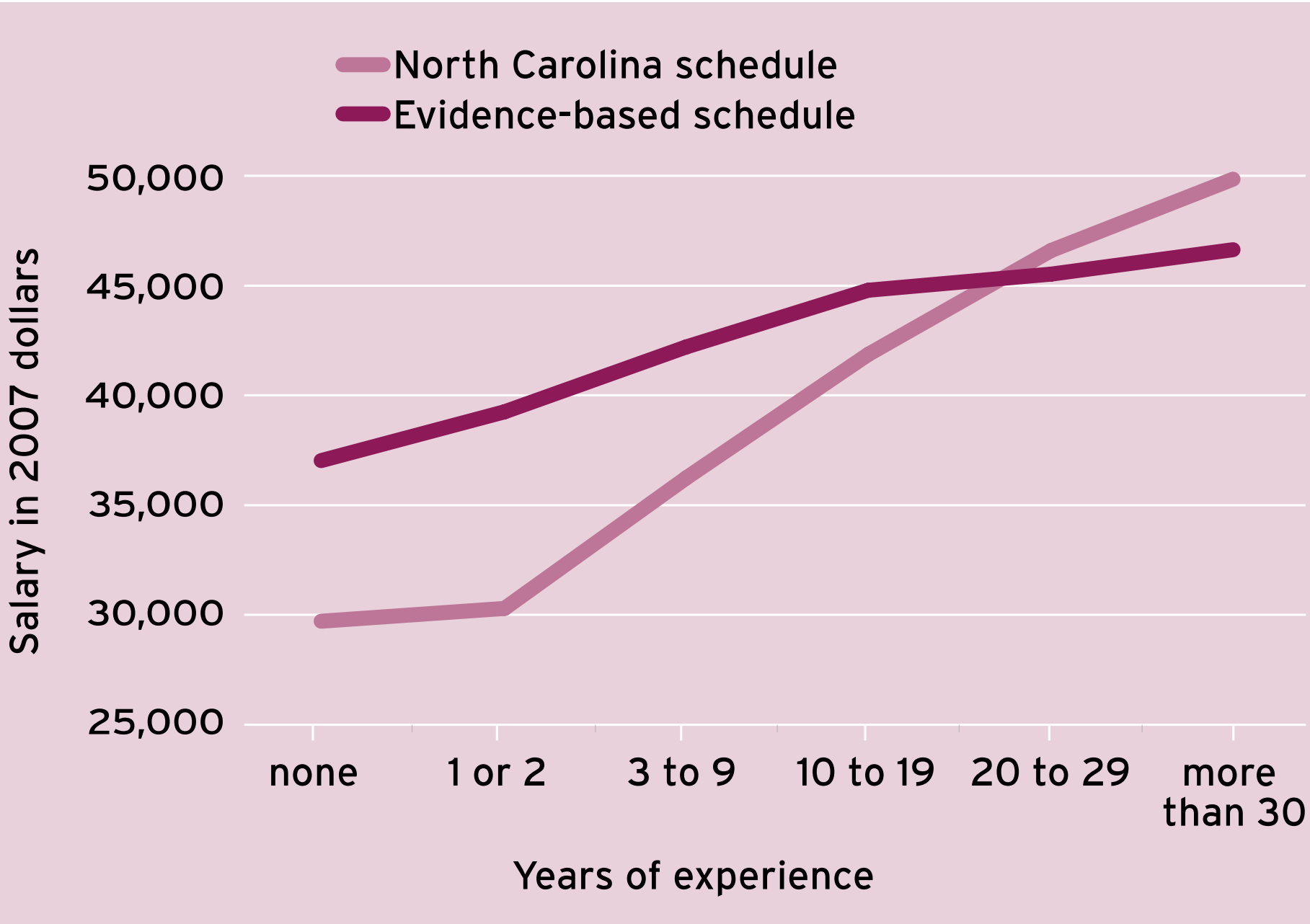
- Besides years of experience, salaries tied to other credentials.
  - Automatic increases for advanced degrees. These would make sense if advanced degrees made teachers more productive, on average, but most studies find no connection.
  - Automatic increase for NBPTS certification. These make some sense as NBPTS is designed to recognize outstanding performance, which studies have confirmed.

Aligning practice with the evidence

- What would an “evidence-based” salary schedule look like?
  - Plateau, not peak.
  - “Step-ups” associated with performance-based assessments, like NBPTS certification.
  - Assessments might be based on test scores in part, but must incorporate other criteria to solve untested grades/subjects problem.

Aligning practice with evidence

- Example of an “evidence-based” schedule:
  - Designed to be “revenue neutral”: over the course of a career, the state spends the exact same number of dollars in salary.
  - Based on the basic BA/no NBPTS state schedule.
  - Potential to layer additional compensation on top, based on NBPTS, other promotion criteria, acceptance of other responsibilities.


North Carolina schedule
Evidence-based schedule
50,000
45,000
40,000
35,000
30,000
25,000
Salary in 2007 dollars
none
1 or 2
3 to 9
10 to 19
20 to 29
more than 30
Years of experience

The evidence-based schedule…

- Front-loads compensation relative to the existing schedule. Career teachers trade off higher salaries for the bulk of their career for lower levels at the tail end.
- Enhances the overall compensation for a teaching career.
- Could be phased in, allowing today's experienced teachers to persist on the existing schedule (at a temporary additional cost to the state).