



# Policy Perspective

## Bringing Teacher Compensation into the 21st Century

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### RECOMMENDATIONS

- Eliminate the statewide minimum salary schedule.
- Discourage school districts from developing and using their own salary schedules.
- Encourage school districts to pay teachers based off of local campus needs and demand for subject matter expertise.
- Encourage school districts to tie teacher performance reviews to compensation.
- Stop giving *all* teachers an across-the-board pay raise since it does not increase overall teacher quality.
- Support and fund incentive pay programs that aim to:
  - improve student achievement;
  - reward teachers for the quality of their instruction;
  - encourage teachers to improve their teaching skills; and
  - encourage and reward teachers for teaching in low-performing schools.

Despite enormous challenges facing schools and limited financial resources, the majority of Texas school districts do not link a teacher's annual performance review to their compensation. Instead, school districts continue to tie their hands by paying teachers with an antiquated pay system.

The goal of every Texas school should be to raise student achievement in the classroom. Research clearly identifies the quality of a student's teacher as the single-most important school-related factor in raising student achievement.<sup>1</sup> Scholar Marie Gryphon finds that "raising the quality of teaching is one of the most important ways that policymakers can improve educational outcomes for students."<sup>2</sup>

Yet, teachers are compensated based on a rigid and archaic pay system that has no relation to a teacher's ability to improve student achievement. Neither the minimum salary schedule nor across-the-board pay raises for all teachers is directly tied to teacher quality. If Texas wants to accomplish the goal of improving student achievement, it must revitalize its teacher compensation structure to attract, reward, and retain the highest quality teachers possible.

### HISTORY OF TEACHER COMPENSATION

#### *Room and Board*

America's system of schooling in the mid to late 1800s served the needs of the largely rural population and agrarian economy. In those small communities, one teacher typically taught basic academic skills to a variety of students ranging in age, grade level, and ability in a one room country school house.<sup>3</sup> Teachers were generally young women of school age. For example, roughly 77 percent of the teachers in southeastern Michigan in 1860 were young

women ages 17 through 24.<sup>4</sup> Many women left teaching once they got married resulting in turnover approximately every 18 months.<sup>5</sup>

Teacher pay consisted mainly of a small stipend and room and board. Nearly every week, a different member of the community would open their home to provide housing and food for the teacher. This method of compensation placed teachers under the close observation and scrutiny of the community and thus, dually served as a system of accountability.<sup>6</sup>

#### *The Beginnings of a Salary Schedule*

Industrialization and the promise of jobs led to a population surge in urban areas as individuals left the farm for work in factories.<sup>7</sup> "Beginning in the 1890s America hastened to replace the rural one room school houses with a new school system to accommodate its rapidly growing population."<sup>8</sup>

This new school system divided students into grade levels, implemented a national grade-level curriculum, and used a new pay structure. Naturally, as the grade level advanced so did the material included in the curriculum. "Typically the salaries differed from grade to grade, and high school salaries would almost invariably be higher than those at the elementary level."<sup>9</sup> There are some reports which suggest that characteristics unrelated to job performance such as race and gender also affected a teacher's pay wage.<sup>10</sup>

A desire for uniformity, in addition to a frustration with the grade-level based pay structure, led to the next step in teacher compensation—evolution of the single salary schedule. In 1921, Denver and Des Moines introduced the single salary schedule.<sup>11</sup> Many other school districts proceeded in the same

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manner, and usage of this standardized pay structure swiftly gained in popularity.

**Figure 1: Approximate Percentage of Schools Using the Single Salary Schedule**

YEAR	PERCENTAGE
1931	22
1941	31
1947	64
1951	97

Sources: Educational Research Service, 1979; National Education Association, 1961; National Center for Education Statistics, 1997

The salary schedule based teacher’s salaries on years of experience teaching and education level. Additional pay could be earned if a teacher took on additional responsibilities such as coaching a sport or sponsoring a school club.<sup>12</sup> This is the salary schedule that is most widely used today.<sup>13</sup>

The new pay structure was hastily designed in reaction to the “pressing internal problems of sheer numbers and chaotic conditions” and did not consider teacher accountability or a teacher’s ability in the classroom.<sup>14</sup> The strongest impetus for reform of teacher pay was “the desire to eliminate the pay differential between high school and elementary school teachers.”<sup>15</sup>

## THE SALARY SCHEDULE TODAY

### Nationwide

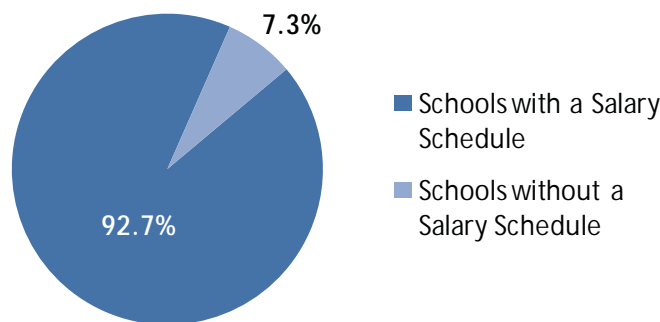
The most recent survey of schools by the National Center for Education Statistics finds that approximately 93 percent of public school districts nationwide use a salary schedule. The average minimum salary on the schedule for new teachers with a Bachelor’s degree is \$29,100. New teachers with a Master’s degree make an extra \$2,800 on average. The highest step on the salary schedule is \$53,900.<sup>16</sup>

In comparison, the number of private schools nationwide using a salary schedule is much lower at only 61 percent. Their salary schedules severely compress the salary range paid to teachers. The average minimum salary for new teachers with a Bachelor’s degree is \$23,300. The highest step on private school salary schedules is \$39,300 on average.<sup>17</sup>

### Texas

Texas has a uniform statewide minimum salary schedule that applies to full-time classroom teachers, librarians, counselors, and nurses.<sup>18</sup> The Texas Education Code specifies that a school district may *not* pay less than the minimum salary listed on the schedule for the individual’s level of experience.<sup>19</sup> Teachers, librarians, counselors, and nurses move one step up the state salary schedule for each year of experience until they reach 20 years of experience. According to the 2007-2008 state minimum salary schedule shown in **Figure 3**, the minimum

**Figure 2: Public School Districts with a Salary Schedule**



Source: National Center for Education Statistics

annual salary a Texas school district can pay a new teacher is \$27,320. The least a school district following the state minimum salary schedule can pay a teacher with 20 or more years of experience is \$44,270 a year.

**Figure 3: State Minimum Salary Schedule  
2007-2008 School Year**

Years of Experience	Annual Salary
0	\$27,320
1	\$27,910
2	\$28,490
3	\$29,080
4	\$30,320
5	\$31,560
6	\$32,800
7	\$33,950
8	\$35,040
9	\$36,070
10	\$37,040
11	\$37,960
12	\$38,840
13	\$39,650
14	\$40,430
15	\$41,160
16	\$41,860
17	\$42,510
18	\$43,130
19	\$43,720
20 and Over	\$44,270

Source: Texas Education Agency

Many Texas school districts do not use the state salary schedule, but rather use it as a guide for designing their own salary schedules. For instance, only 9 percent of school districts in the 2007-2008 school year paid teachers on the state minimum salary schedule, representing approximately less than 1 percent of teachers.<sup>20</sup> As a result, the state schedule serves as a floor, or minimum, for teacher salaries at each step of the schedule. Many school districts pay teachers higher starting salaries than the state minimum. While Texas' minimum salary schedule required starting teachers around the state to make at least \$27,320 for the 2007-2008 school year, the average starting salary statewide was \$33,105. New teachers in districts with more than 50,000 students had even higher

starting salaries with an average starting salary of \$42,557.<sup>21</sup> In addition, many school districts use a similar stair step salary structure with the number of steps on the schedule varying by district. For instance, Waco ISD's salary schedule has 26 steps; Arlington ISD's salary schedule has 30 steps; Austin ISD's salary schedule has 39 steps; Fort Worth ISD's salary schedule has 40 steps; Katy ISD's salary schedule has 41 steps.<sup>22</sup>

Some school districts have an additional column on their salary schedules for advanced degrees. Thus, a teacher with a Master's degree or Ph.D. will make more money on each step of the schedule than a teacher with only a Bachelor's degree. See Klein ISD's salary schedule for the 2007-2008 school year for an example. (Figure 4).

**Figure 4: Klein ISD Salary Schedule,  
2007-2008 School Year**

Years of Experience	Annual Salary Bachelor	Annual Salary Master's	Annual Salary Doctorate
0	\$42,000	43,000	\$44,000
1	\$42,575	\$43,575	\$44,575
2	\$43,675	\$44,675	\$45,675
3	\$44,900	\$45,650	\$46,650
4	\$45,450	\$46,517	\$47,616
5	\$45,610	\$46,660	\$48,260
6	\$45,810	\$46,881	\$48,423
7	\$46,010	\$47,153	\$48,590
8	\$46,310	\$47,466	\$48,855
9	\$46,610	\$47,793	\$49,039
10	\$46,910	\$48,095	\$49,231
11	\$47,210	\$48,431	\$49,656
12	\$47,510	\$48,766	\$50,028
13	\$47,810	\$49,103	\$50,400
14	\$48,712	\$49,914	\$51,186
15	\$49,706	\$50,956	\$52,279
16	\$51,135	\$52,435	\$53,811
17	\$52,343	\$53,682	\$55,100
18	\$53,209	\$54,668	\$56,034
19	\$54,027	\$55,593	\$56,949
20	\$54,930	\$56,348	\$57,734
21	\$55,673	\$57,022	\$58,628
22	\$56,421	\$57,734	\$60,062
23	\$57,388	\$58,706	\$60,485

Years of Experience	Annual Salary Bachelor	Annual Salary Master's	Annual Salary Doctorate
24	\$58,181	\$59,525	\$60,907
25	\$58,587	\$59,861	\$61,279
26	\$59,330	\$60,634	\$61,985
27	\$60,073	\$61,581	\$62,872
28	\$60,692	\$62,676	\$64,000
29	\$61,549	\$63,575	\$64,925
30+	\$62,108	\$64,663	\$65,987

Source: Klein ISD

Many school districts use their local flexibility to pay teachers more money than what is required by the minimum salary schedule for the following purposes:

- Master’s or Doctorate degree (if not included in the salary schedule),
- hiring bonuses,
- shortage stipends for teaching in a shortage area,
- combat pay for teaching in a hard-to-staff school,
- salary supplements for taking on leadership responsibilities at school, and
- bonuses based on performance in the classroom or campus-wide performance.

An examination of the salary structure of a school district in Odessa, Texas for a hypothetical teacher should prove illustrative. Mr. John Smith, a high school math teacher has taught for 15 years. He has a Master’s degree, is the Departmental Head of Math at the high school, and sponsors the National Honor Society. How much money will Mr. Smith make?

Figure 5: Salary Breakdown for Mr. John Smith

Experience/Position	Amount
15 Years Experience	\$47,000
Math Shortage Stipend	\$ 2,000
H.S. Department Head	\$ 3,500
Master’s Degree	\$ 2,500
NHS Sponsor	\$ 750
<b>TOTAL</b>	<b>\$55,750</b>

Source: Ector County ISD

Ector County ISD’s salary schedule shows he should earn \$47,000. Yet, Mr. Smith is able to earn more money based on additional stipends for teaching in a shortage field, having a Master’s degree, and taking on additional responsibilities at school. In the 2007-2008 school year, Mr. John Smith will earn \$55,750.<sup>23</sup>

### SALARY SCHEDULE DOES NOT IMPROVE TEACHER QUALITY

The design of the single salary structure makes two basic assumptions. First, it assumes that teacher performance improves with each additional year of experience in the classroom. Research contradicts this assumption. Scholar Eric Hanushek finds that, “teachers reach full effectiveness after four years.”<sup>24</sup> Thus, as researcher Marie Gryphon explains, “a teacher with 10 years of experience is no more effective, on average, than a teacher with five years of experience.”<sup>25</sup> Yet, the salary schedule pays teachers more money for every additional year of teaching, as if each additional year in the classroom leads to higher teacher quality.

Secondly, the salary schedule structure assumes that an advanced degree contributes to increased learning in the classroom. Research by Steven Rivkin and others finds that possession of a Master’s degree or Doctorate degree has no effect on teacher effectiveness.<sup>26</sup> Nonetheless, many salary schedules and school districts reward teachers for additional degrees as if it leads to higher student achievement. In fact, many school districts pay teachers an extra \$1,000 or \$2,000 each year for an additional degree.

As Odden says, “the traditional salary schedule has no element directly linked to raising student achievement, the main goal of education reform.”<sup>27</sup> With research clearly demonstrating that both of these assumptions are faulty, Texas lawmakers and school district administrators should rethink how they use their limited resources and restructure teacher pay so that it rewards improvement in teacher quality *and* student achievement.

### NEW CHALLENGES REQUIRE NEW PAY STRUCTURE

Throughout our nation’s history, the system of schooling and teacher compensation has varied—changing to fit the needs of the time. The current minimum salary schedule, introduced over 85 years ago, was designed for another era. It aimed to encourage advanced degrees and provide teachers uniformity

### **Single Salary Schedule Disadvantages:**

- It is rigid and inflexible to local campus needs and labor market shortages.
- It is unfair to excellent teachers by rewarding longevity and seniority over effectiveness in the classroom.
- It assumes that an additional degree increases teacher effectiveness.
- It assumes that additional years of experience equates to increased effectiveness.
- It gives ineffective teachers a raise every year even if they receive a bad performance review.
- It ties up a large amount of limited resources.
- It prevents local control and discretion at principal level on how best to attract and reward high-performing teachers.

and predictability in their pay. Schools and teachers face different problems today. Limited financial resources, teacher shortages in math, science, special education and bilingual education, high turnover at hard-to-staff schools, a widening achievement gap between students of different socioeconomic backgrounds, and low turnover of chronically ineffective teachers all challenge schools today. The current salary schedule does not solve or alleviate any of these problems.

Instead, the salary schedule actually exacerbates many of these problems. It ties up enormous amounts of limited resources by giving *all* teachers a salary increase every year and prevents local school officials from using their own discretion on how to best use and spend tax dollars to improve student achievement. As Bill Peacock explains, the single salary schedule “provides an automatic pay raise for every single teacher in Texas every year” regardless of job performance.<sup>28</sup> Hence, “the current salary schedule rewards a teacher who performs poorly at the same rate as a hard-working, highly effective teacher” eating up valuable resources that could be used to reward and retain high quality teachers.<sup>29</sup>

The National Education Association views the salary schedule as a “reliable predictor of future pay increases.”<sup>30</sup> This mandatory expense for every teacher is unsustainable long-term, is ineffective at improving teacher quality, and ties the hands of school superintendents and principals to deal with local needs. Bryan Hassel with the Progressive Policy Institute writes that the “[c]urrent pay structure represents a colossal underutilization of scarce resources and sends the wrong signals to aspiring teachers.”<sup>31</sup> School district officials and school board members may want to follow the private sector’s example and link pay raises and bonuses to annual performance reviews.

The salary schedule also sends low-performing teachers the wrong message. It rewards longevity and seniority over effectiveness and does not take into account the difficulty of assignment. Thus, it gives low-performing teachers an incentive

to continue teaching. As Hassel explains, the salary schedule “coupled with woefully inadequate measures in most communities for effectively helping or removing under-performing teachers, provides an incentive for ineffective teachers to stay in classrooms by raising pay steadily over a teacher’s career regardless of the quality of instruction.”<sup>32</sup>

Statewide and local teacher salary schedules are rigid, archaic, and unnecessary. As Texas policymakers and school officials grapple with how to make the most of limited resources and push for increases in student achievement, they should change their teacher compensation structures to attract, reward, and retain the highest quality teachers possible.

### **RECOMMENDATIONS:**

- Eliminate the statewide minimum salary schedule that rewards seniority rather than effectiveness of instruction.
- Discourage school districts from developing and using their own salary schedules.
- Encourage school districts to pay teachers based on local campus needs and demand for subject matter expertise.
- Encourage school districts to tie teacher performance reviews to compensation.
- Stop giving *all* teachers an across-the-board pay raise since it does not increase overall teacher quality. Instead, it rewards effective and ineffective teachers equally.
- Continue to support and fund incentive pay programs that aim to:
  - improve student achievement;
  - reward teachers for the quality of their instruction;
  - encourage teachers to improve their teaching skills; and
  - encourage and reward teachers for teaching in low-performing schools. ★

## ENDNOTES

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- <sup>4</sup> J. Spring, *American Education: An Introduction to Social and Political Aspects* (New York: Longman, 1978) 104.
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- <sup>11</sup> Allan Odden, "Rewarding Expertise," *Education Matters*, Hoover Institution, Stanford University (Spring 2001, vol.1 no. 1) 1, <http://www.hoover.org/publications/ednext/3390871.html>.
- <sup>12</sup> Ibid.
- <sup>13</sup> U.S. Department of Education, National Center for Education Statistics, Schools and Staffing Survey, 2003-2004, District and Private School Data Files, Table 33.
- <sup>14</sup> Joseph Kershaw and Roland McKean, *Teacher Shortages and Salary Schedules* (New York: McGraw-Hill, 1962) 30.
- <sup>15</sup> National Education Association, "The Single Salary Schedule at the Dawn of a New Century," 5, [http://www.psea.org/content.cfm?File=00\\_Sing%20Sal%20Sched%20Dawn%20New%20Century.pdf](http://www.psea.org/content.cfm?File=00_Sing%20Sal%20Sched%20Dawn%20New%20Century.pdf).
- <sup>16</sup> U.S. Department of Education, National Center for Education Statistics, Schools and Staffing Survey, 2003-2004, District and Private School Data Files, Table 33.
- <sup>17</sup> Ibid.
- <sup>18</sup> Full-time means the individual has a standard 10-month contract which equates to a minimum of 187 work days.
- <sup>19</sup> Texas Education Code, §21.401-403.
- <sup>20</sup> Texas Association of School Boards and Texas Association of School Administrators, "Salaries and Benefits in Texas Public Schools 2007-2008."
- <sup>21</sup> Ibid.
- <sup>22</sup> Various 2007-2008 school district salary schedules available on individual school district websites.
- <sup>23</sup> Ector County Independent School District, Salary Schedules 2007-2008, <http://www.ector-county.k12.tx.us/departments/HumanRes/files/9498AFF122E5425CBD54A3FE04FB74BB.pdf>.
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