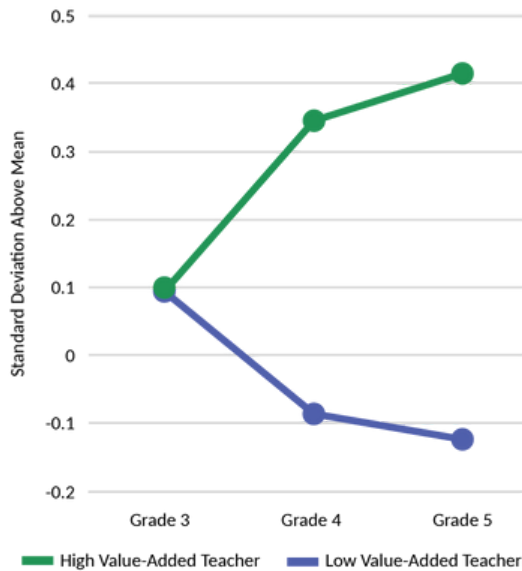


TEACHER PAY IN NORTH CAROLINA: A SMART INVESTMENT IN STUDENT ACHIEVEMENT

Executive Summary

Impact of Teacher Quality on Math Test Scores (2012 to 2019), See Page 1 of Full Report



Source: Springer, M. (2023).

Studies show that investments in teacher compensation can have positive impacts on student achievement by making the profession more attractive for top talent and by increasing teacher retention (Leigh, 2012; Clotfelter et al., 2006; Stallings, Edwards, & Rosof, 2020). While the amount of pay is clearly important, research also finds that the method by which North Carolina (and most other states) pay teachers is fundamentally flawed (Springer, 2019). In *Teacher Pay in North Carolina*, BEST NC identifies five major challenges with the teacher pay system in North Carolina, each of which negatively impacts our ability to place an effective teacher in every classroom across the state. The report also provides a set of recommendations for a significant, strategic investment in teacher pay.

Research has consistently found that teacher quality is the single-most important in-school factor for student success (Hattie, 2015). In fact, evidence shows that even when students start at the same academic level, students who are given access to highly effective teachers in consecutive years see substantial academic gains. In contrast, exposure to an ineffective teacher in consecutive years has compounding negative effects on the students' learning (see exhibit to the left). Research also finds that college attainment and lifetime earnings increase significantly with access to an effective educator (Chetty, Friedman, & Rockoff, 2014).

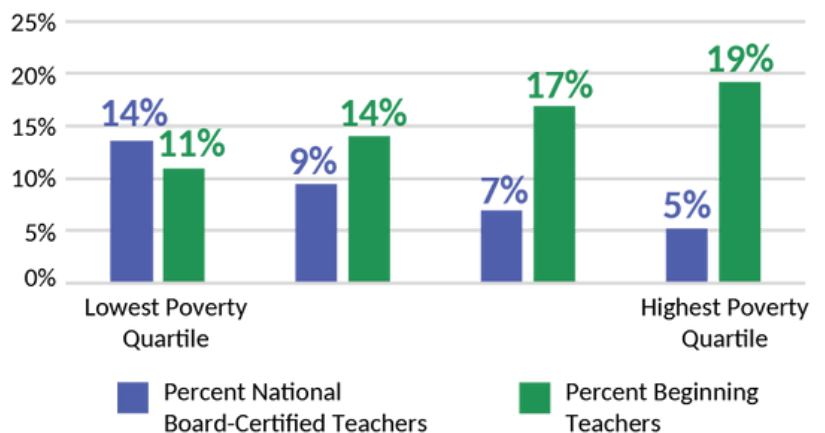
Every student deserves to be taught by a great teacher. Yet, despite the value teachers provide, states across the country, including North Carolina, struggle to create and maintain pay and staffing structures that recruit and retain enough high-quality teachers for every classroom. This results in insufficient and inequitable access to effective educators, with students in high-poverty schools disproportionately taught by inexperienced and less qualified teachers (see exhibit below).

For a class of 20 students, effective teachers can increase lifetime earnings by an estimated

\$780,000

Source: Chetty, R., Friedman, J., and Rockoff, J. (2014).

Percentage Beginning Teachers and NBCT in K-12 Traditional Public Schools, by School Poverty (2021-22), See Page 9 of Full Report



Sources: NC DPI (Data Request); NC DPI School Report Cards

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TEACHER PAY REPORT



Cost of Living-Adjusted Avg. Beginning Teacher Pay, by State in the Southeast Region (2021-22), See Page 21 of Full Report

| State | Avg. Beginning Teacher Pay |
|-----------------------|----------------------------|
| Texas | \$47,607 |
| Alabama | \$47,109 |
| Tennessee | \$44,191 |
| Mississippi | \$44,148 |
| Louisiana | \$43,716 |
| Florida | \$42,072 |
| South Carolina | \$41,693 |
| West Virginia | \$41,146 |
| Georgia | \$40,464 |
| Arkansas | \$40,352 |
| Kentucky | \$40,273 |
| Virginia | \$39,932 |
| North Carolina | \$39,538 |

Sources: 2021-22 NEA Teacher Salary Benchmark Report; Insure.com

Challenge #1: Starting Teacher Pay is not Competitive with Surrounding States, Making it Difficult to Attract Top Candidates and Compete for Talent in Our Region.

Top-Tier Candidates Seek Higher Pay: Nationally, top-tier college students report that they prefer to work in jobs that pay enough to support a family, will reward them financially if they do well, and offer a competitive starting salary that increases substantially in the first seven to ten years (see page 8 of full report).

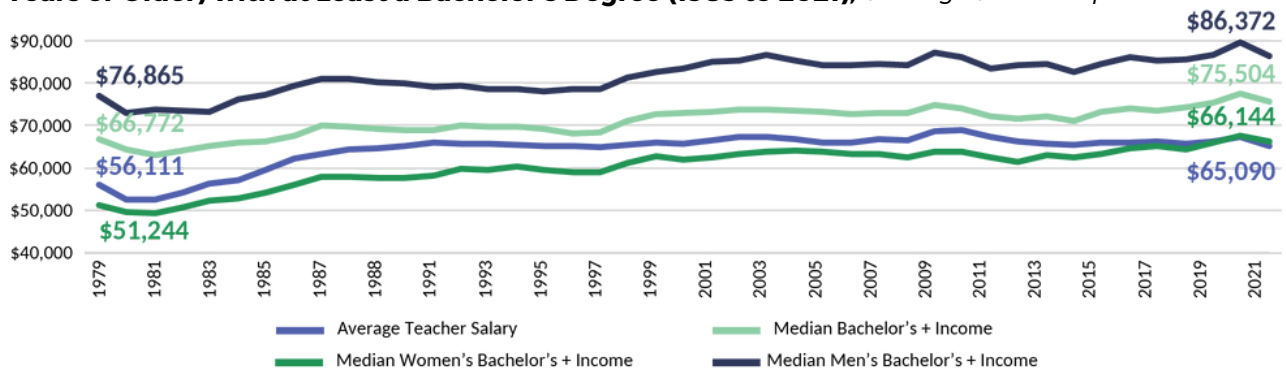
Leaky Talent Pipeline: Just 53% of students admitted to North Carolina educator preparation programs (public, private, and alternative programs) went on to teach in a North Carolina classroom within two years, a low-hanging opportunity to recruit more individuals into teaching positions (see page 16 of full report).

Declining Interest in Teaching: In a national survey of parents, enthusiasm for their children to go into teaching has dropped from 75% in 1969 to just 37% in 2022. Inadequate pay and benefits topped the list of reasons for declining interest (see page 7 of full report).

Challenge #2: Teaching is a Mostly Female Workforce, Yet Teacher Pay Has Not Kept Up with Increasing Opportunities and Pay for Female, College-Educated Professionals.

Nationally, Between 1985 and 2021, median income for women with a bachelor's degree grew by 22% when adjusted for inflation, compared to just 10% for teachers. Earnings for women have now eclipsed earnings for teachers.

Inflation-Adjusted Average Public School Teacher Salary and Median Incomes for Adults (25 Years or Older) with at Least a Bachelor's Degree (1985 to 2021), See Page 6 of Full Report



Sources: NCES Digest of Education Statistics; Federal Reserve Bank of St. Louis; Federal Reserve Bank of Minneapolis

Reasons Cited for Leaving the Teaching Profession

1 in 10

Lack of Opportunities for Advancement

1 in 8

Wanted or Needed a Higher Salary

See Page 8 of Full Report

Source: NCES National Teacher Follow-Up Survey, 2012-13

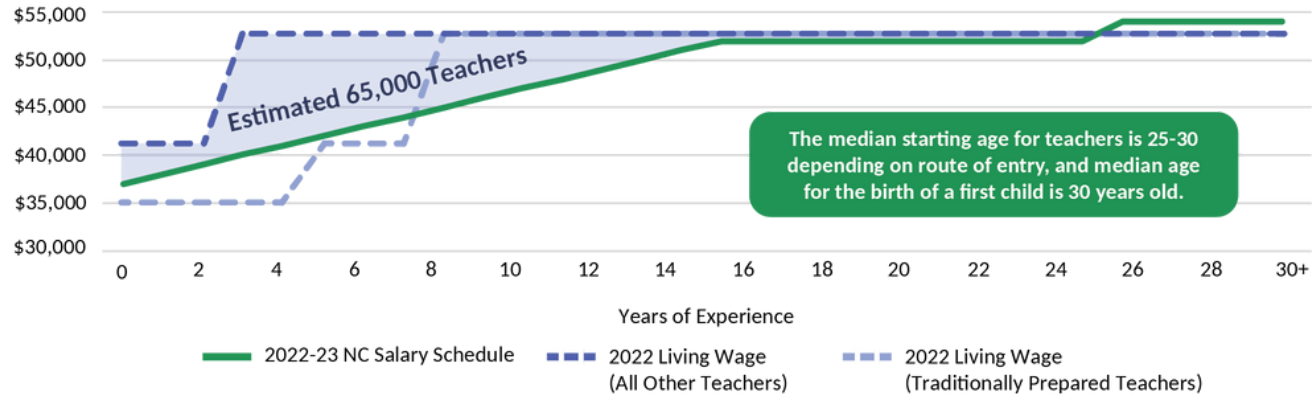
Challenge #3: The Traditional Teacher Compensation Model Does Not Provide Meaningful Professional Promotions that Attract Top Talent and Keep Effective Educators in the Classroom.

- 87% of top-tier candidates indicate that their preferred occupation provides opportunities to advance, compared to just 45% who believe teaching will provide similar advancement opportunities (see page 8 of full report).
- Nations that are performing at the top on international assessments recruit 100% of their new teachers from students in the top-third of their class. In the United States it is 23%, and only 14% for teachers in higher poverty schools (see page 40 of full report).

Challenge #4: Under the Existing Salary Schedule, North Carolina Teachers Must Wait Far Too Long Before Their Salaries Provide a Living Wage that Can Support a Family.

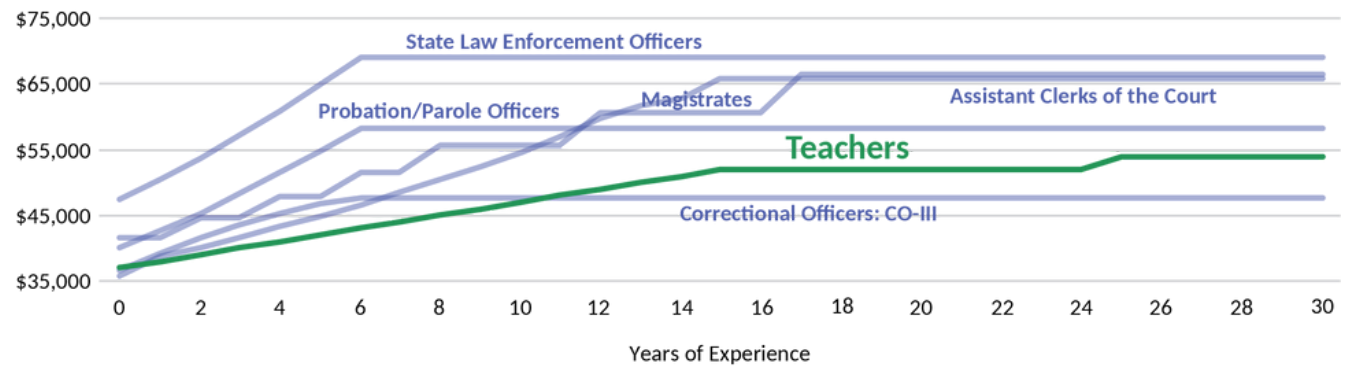
In 2021-22, nearly one-third of North Carolina teachers were estimated to earn less than a living wage for a family of four. Even when compared to other public sector employees, teachers earn less and take much longer to reach the top of the base salary schedule.

NC Base Teacher Salary Schedule vs. Typical Living Wage Trajectory (2022-23), See Page 26 of Full Report



Sources: MIT Living Wage Calculator; NC DPI Teacher Salary Schedules

Comparison of State Salary Schedules for NC Public Sector Employees (2021-22), See Page 24 of Full Report

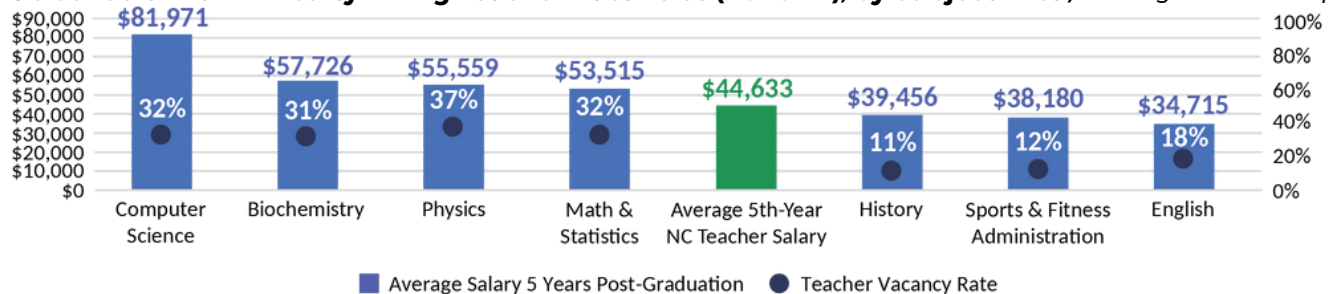


Source: North Carolina General Assembly Fiscal Research Division

Challenge #5: Existing Pay Structures are not Designed to Fill Hard-to-Staff Subject Area Positions and Schools, Leading to Persistent, Critical Vacancies and Disparities in Student Access to Effective Educators.

In high-demand fields like STEM subjects, average teacher pay significantly trails average wages for UNC System graduates for those majors. These subject areas also see markedly higher teacher vacancy rates.

Avg. Wages of UNC System Grads Five Years Post-Graduation (Class of 2016) and Percentage of US Schools with Difficulty Filling Teacher Vacancies (2020-21), by Subject Area, See Page 29 of Full Report



Note: The average 5th-year teacher salary estimate is likely higher than actual because it factors in the average local salary supplement, not the actual. Local salary supplements are often higher for teachers with more years of experience.

Sources: NC TOWER; NC DPI Public School Salary Schedules; NC DPI Statistical Profile; Education Week

Recommendations for Strengthening Teacher Compensation in North Carolina

Based on research identified in this report, North Carolina should make a substantial, multi-year investment in teacher pay and ensure that teacher pay structures are explicitly working to attract, support, and retain great teachers for every student and in every classroom. This type of investment is not unprecedented. North Carolina has made a similar effort twice in the last several decades, including more than a \$1 billion teacher pay increase from 2014 to 2018. Specifically, BEST NC recommends the following actions:

Set Clear Goals for Teacher Compensation

- As a starting point, the 2014 North Carolina Educator Effectiveness and Compensation Task Force proposed:

"The primary goal of an updated North Carolina educator compensation system is to improve student learning by increasing the likelihood that every student has a highly effective teacher - the most significant in-school factor in increasing student achievement."

Raise the Floor

- Significantly increase starting pay, particularly for well-prepared candidates, to be competitive with surrounding states and similar industries;
- Replace the outdated step-and-lane schedule with a front-loaded pay structure in which effective teachers earn full base teacher pay earlier in their career; ensuring that all licensed teachers can support a family and have access to additional career and compensation advancement opportunities (see Raise the Ceiling, below);

NC Average Teacher Pay
(2022-23)

\$57,805

NC Average Starting Pay
(2021-22)

\$37,676

See Page 3 of Full Report

Sources: NEA Teacher Salary Benchmark Report;
NC DPI Highlights of the Public School Budget,
2022-23

Raise the Ceiling

- Implement Advanced Teaching Roles statewide to provide well-paid professional advancement opportunities to effective teachers who want to extend their reach while transforming the organizational structures of schools;
- Develop a meaningful teacher retention strategy to enhance the front-loaded base pay structure and to recognize the long-term service of effective educators;

Attract and Retain Teachers in Hard-to-Staff Positions

- Establish competitive, differentiated pay for high-demand degrees like STEM and special education;
- Increase or broaden incentives for teaching in hard-to-staff schools;

Reframe the Compensation Context

- Align compensation with an effectiveness-based licensure plan that elevates the status of the profession and attracts high-quality talent;
- Examine the opportunity to offer teachers defined contribution retirement plans, including options that provide higher take-home pay in exchange for lesser retirement contributions;
- Convert state-funded position allotments into a hybrid-teacher allotment method that is based on positions (calculated by ADM) but allotted in dollars to increase equity of these allotments across schools and districts, empowering districts to optimize their teaching funds; and
- Ensure any teacher compensation strategy is aligned with other efforts to improve the working conditions of teachers, including stronger school leadership, systems of support for students and reduced administrative burden to allow teachers to focus on teaching, school safety, and more.