

Teacher Compensation:

WHERE WE ARE, AND WHERE WE GO FROM HERE.

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To:

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From:

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BACKGROUND

The Iowa Legislature recently approved a bill, signed by the Governor, that affects collective bargaining by public employees. One provision of the new law mandates a ceiling on wage increases for public employees. Specifically, the law requires that increases be limited

to the lesser of “(a) three percent [or] (b) a percentage equal to the increase in the consumer price index for all urban consumers for the Midwest region . . .” The law applies to all public employees, including public school teachers¹.

¹As an aside, it is interesting to note that one of the assumptions of the law is that the CPI can only increase over time. As one can see from the table, the CPI actually decreased in two of the years in this study.

TEACHER SALARIES

To show the effect of the law on teacher salaries, we performed the following exercise using historic full time average regular salaries for Iowa public school teachers.

Starting with the 2005-06 school year and continuing through the 2015-16 school year (See Table 1), we took the average full-time Iowa teacher regular salary (Column 2) and calculated the annual change in those salaries each year (Column 3).

We then applied the percent change in the CPI, using the Annual Midwest Urban CPI numbers supplied by the U.S. Bureau of Labor Statistics, to those average annual salaries (Column 5).

Column 7 displays the annual average salaries using the CPI percentage as the change factor.

Next, we applied the rules of the new law (the lower of the CPI change or 3%) to the salaries retrospectively to calculate what would have been the average salaries under the new law.

As one can see from the table, had the new law's formula been followed between 2005-06 and 2015-16, it would have resulted in an average full-time Iowa Teacher salary approximately \$6,000 less than the actual salary. This is a significant difference.

Finally, the table projects teacher salaries from 2016-17 through 2020-21, using the 2015-16 salary as a base, or starting point. Each year following is increased by the estimated inflation rate of 1.5%. Thus, the 2015-16 salary of \$54,104 is projected to increase to \$58,284 by 2020-21. Again, this is an annual salary increase that merely reflects inflation. A salary increase that only mirrors the inflation rate does not mean an increase in teachers' purchasing power.

Figure 1 compares the change in teacher salaries with the change in the CPI for the years studied.

The regional market for effective teachers is competitive. Thus, it is also important to examine how Iowa teacher salaries compare with those of neighboring states. Using

TEACHER SALARIES

(continued)

data from the National Education Association (NEA), which annually publishes a report on teacher salaries throughout the nation, comparisons were made between Iowa average salaries and those of five bordering states: Illinois, Minnesota, Wisconsin, Nebraska, and South Dakota. Table 2 shows the results of that comparison for six school years.

Table 2 displays the state name, rank against all 50 states plus the District of Columbia, and the national average teacher salary. (NEA averages are slightly different from the ones in Table 1 because of a difference in methodology.)

What are important in this table are the relative differences among states. As a reader can see, Iowa ranks fifth out of the six states displayed, and is also below the U.S. median teacher salary for each of the comparison years. Only South Dakota ranks below Iowa.

Note that the second line for Iowa uses the projected

average salaries for the years shown. For each of those years, the ranking drops for Iowa when compared to the other states. Specifically, the ranking drops Iowa to number 39 nationally, from a current ranking of 23.

Assuming other states maintain teacher salary increases in the same range as Iowa's legislative mandate, the ranking of Iowa compared to other states should remain stable. However, should other states raise teachers' salaries greater than the inflation rate, which they have done in the past, Iowa's rankings would fall.

If Iowa school districts do nothing to ameliorate the effects of the new collective bargaining statute, and other states follow their conventional salary increase patterns, Iowa mean teacher salaries will fall to a level of the nation's lowest paying state, Mississippi.

OPPORTUNITY AND PROMISE

For those who oppose this new law and the negative effects it potentially could have on teacher salaries, there are alternatives. The solution is in the hands of local school boards. Since the salary cap applies only to the “base” teacher salary, there is much that can be done.

First, local school districts must see this law as an opportunity to pursue programs to reward and incentivize excellence in teaching. Most school districts already offer teachers compensation above the minimum. This is the opportunity to examine performance-based systems to reward effective teachers, and to encourage teachers in the middle ranks to improve their games. These systems are not required to be solely test-based or test-driven. Observations, administrator judgments, self-reports, 360-degree surveys, professional development, and other methods can be used to contribute to obtaining the full picture of the deserving teacher.

Second, there is no need to wait for the state department of education or Iowa lawmakers to develop and implement a system for teacher incentives. Time is of the essence. The trends outlined are inexorable without intervention.

It conventionally takes a minimum of three years to have a valid and reliable incentive system in place: the first year to develop, the second year to use and report results without consequence, and the third year to implement the system fully. Again, with each passing year, Iowa runs the risk of falling farther and farther behind its neighboring states and the nation.

Finally, school districts and school boards must hold themselves, and their campuses, accountable. They do this by insisting on a rigorous examination and evaluation of both the process and outcomes of any teacher incentive program. With a good evaluation, the system can be tweaked for improvement as it operates, and changes can be made to make it better for all stakeholders. The end result of this work should be improved teaching and learning in every classroom, increased staff morale and retention, better student outcomes on all measures, and increased public support.

This new law, if acted upon reasonably, provides an opportunity to improve Iowa public schools.

**TABLE 1:
IOWA PAST AND PROJECTED FUTURE TEACHER SALARIES
APPLYING VARIOUS CHANGE FORMULAS**

Year	Full Time Average Regular Salary	Full Time Salary Change	Annual Midwest Urban CPI	CPI Percent Change	Lower of CPI or 3%	Full Time Average Regular Salary with CPI Increase	Full Time Average Salary under Collective Bargaining Bill
2005-06	\$40,856	-	193.0	-	-	-	-
2006-07	\$42,897	5.0%	198.1	2.7%	2.7%	\$41,940	\$41,940
2007-08	\$45,409	5.9%	205.4	3.7%	3.0%	\$43,199	\$43,477
2008-09	\$48,393	6.6%	204.1	-0.6%	0.0%	\$43,199	\$43,477
2009-10	\$49,435	2.2%	208.0	2.0%	2.0%	\$44,042	\$44,326
2010-11	\$49,739	0.6%	214.7	3.2%	3.0%	\$45,363	\$45,752
2011-12	\$50,163	0.9%	219.1	2.0%	2.0%	\$46,283	\$46,681
2012-13	\$50,847	1.4%	222.2	1.4%	1.4%	\$46,932	\$47,335
2013-14	\$52,001	2.3%	225.4	1.5%	1.5%	\$47,619	\$48,028
2014-15	\$53,293	2.5%	224.2	-0.5%	0.0%	\$47,619	\$48,028
2015-16	\$54,104	1.5%	226.1	0.8%	0.8%	\$48,024	\$48,436
2016-17	Projection Using 2015-16 actual average salary as the Base Year.		229.5	1.5%	1.5%	\$54,912	\$54,912
2017-18			232.9	1.5%	1.5%	\$55,738	\$55,738
2018-19			236.4	1.5%	1.5%	\$56,574	\$56,574
2019-20			240.0	1.5%	1.5%	\$57,422	\$57,422
2020-21			243.6	1.5%	1.5%	\$58,284	\$58,284

Sources: Iowa Department of Education, Salary Data; US Bureau of Labor Statistics, CPI data

**TABLE 2.
IOWA MEAN TEACHER SALARIES COMPARED WITH BORDERING STATES**

	2004-05		2005-06		2007-08		2008-09		2013-14		2014-15	
State	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary
IL	4	57,539	4	58,686	7	60,474	8	61,344	12	60,124	12	61,083
MN	16	46,906	17	48,489	19	50,582	20	51,938	21	54,752	20	56,670
WI	22	44,299	21	46,390	22	49,051	21	51,121	22	53,679	22	54,535
NE	38	39,456	43	40,382	42	43,629	42	44,957	32	49,539	31	50,525
IA	42	39,284	39	41,083	37	45,664	26	48,638	25	52,032	23	53,408
IA*	-	-	-	-	43	43,477	48	43,477	39	48,028	39	48,028
SD	51	34,040	51	34,709	51	36,674	51	35,070	51	40,023	51	40,934
US	Median	43,348	Median	44,426	Median	47,354	Median	48,638	Median	50,560	Median	51,155

**Ranking and salaries if Iowa collective bargaining law had been in place in 2005.*

Source: National Education Association, NEA Research Estimates Database