Teacher Compensation and Benefits

Considerations for the House Select Committee on
An Education System for North Carolina’s Future

Statewide Team

May 9, 2022
Agenda

• Comparing overall teacher compensation in NC to peers
• Recent changes to structure of teacher compensation
• Considerations for future changes to teacher compensation
  • Policy objectives
  • Legacy structure
  • Employee acceptance
  • Cost
• Teacher benefits
• Any additional questions at the direction of the Chair
How Are Teacher Salaries Determined?

State-funded supplements to the base salary schedule:
- Graduate degrees required for licensure
- National Board certification
- Working in smaller or lower wealth counties
- Higher schedule placement + $350/month - school psychologists, speech pathologists, audiologists
- $100/month – school counselors
- Bonuses for certain test scores or EVAAS growth scores

Locally-funded supplements:
- Percentage or dollar-based supplement applied to State-funded salary
- Some may provide small supplements for extra duties

Teacher Salary Schedule
(Monthly)

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>FY 2021-22 Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$3,546</td>
</tr>
<tr>
<td>1</td>
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<td>$4,964</td>
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<tr>
<td>15-24</td>
<td>$5,065</td>
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<td>25+</td>
<td>$5,268</td>
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</table>
Comparison of State Salary Schedule Structures

Key Point - SHP/SBI/ALE/PPOs/COs reach max level after 6 years of experience. Assistant and Deputy Clerks of Court/Magistrates reach maximum pay around 13-18 years of experience. Teachers are close to maximum after 15 years, but don’t reach max level until 25 years.
Recent Changes To Teacher Pay

• What’s Up:
  • Bonuses for performance as measured by test scores or SAS’ Education Value Added Assessment System (EVAAS) (e.g. 3rd-5th grade reading and 4th-8th grade math, AP/IB/CTE/AICE exam bonuses)
  • Additional funding for teacher pay in smaller or lower wealth counties:
    • Teacher Supplement Assistance Allotment
    • Small County/Low Wealth County recruitment bonuses

• What’s Down:
  • Targeting pay to higher experience levels (e.g. sunset of additional longevity payments, flattening of salary schedule)
  • Advanced degrees that are not required for licensure (e.g. master’s degree supplement sunset)
Considerations – Teacher Pay Modifications

1. What are the policy objectives?
   • Competitive compensation package to meet baseline staffing needs
   • Differentiate salaries based on criteria other than experience?
     • Do current State-funded supplements (e.g. National Board, performance bonuses) reflect legislative priorities?
     • Are there other priorities of the General Assembly?
       • E.g. low-performing schools, high school math, special education, etc.
   • Should teacher compensation decisions be further shifted to the local school units?
2. What to do with the legacy structure?
   - Any substantive change to the current pay structure will likely create winners and losers without notable additional funding
   - Typically addressed with hold harmless provisions
   - Impact on assistant principal pay that is tied to teacher salary schedule?

3. Will employees accept the modifications?
   - Is the pay structure something employees will understand?
   - Will the changes lead to higher turnover and short/intermediate-term staffing issues?

4. Cost
Teacher Benefits

• Current benefit structure
  • Heavily focused on retirement
  • For most teachers, basic benefit structure is the same as 40 years ago

• Benefits offered by other employers that might be considered
  • Student loan repayment assistance
  • Financial wellness
  • Parental leave
  • Employer contributions to 401(k)
  • Subsidized dependent health insurance
Benefits Comparison to Neighboring States

Benefit Value per Year Worked for Average New Teacher

Based on 2019 Fiscal Research Division analysis, using methodology similar to March 2015 Fiscal Brief titled "Comparison of the Value of State Employee Benefits"

- **Value of Active Medical**
- **Value of Retiree Medical**
- **Value of Pension/Defined Contribution**
Attraction/Retention Effect of Pension

Assumptions: 3% interest, hired at age 22, only reflects employer-funded portion of present value of benefits
Considerations – Teacher Benefit Modifications

What are the policy objectives?

• Competitive benefits package to meet baseline staffing needs
• Benefits are adequate to meet teachers’ needs at different points in life
• Benefits efficiently reduce risks to teachers
• Benefits’ perceived value to teachers exceeds their cost
• Teachers have the desired amount of choice in their benefits
• Benefits reward the teacher groups and decisions that you want to reward
Questions

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