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How COVID-19 Ushered in a Wave of Promising Teacher Pay Reforms

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Much of the public discussion about teacher pay focuses on average teacher salaries. How high are they? How do they compare to the neighboring city or state? How do they compare to other professions?

But, lost amidst the conversation around averages are problems with the *underlying structures* of teacher compensation. That's noteworthy, as the structure of teacher pay has been remarkably resistant to change over the decades. According to federal data, about 90 percent of school districts pay teachers based on salary schedules tied to their years of experience and academic credentials.[1] Those salary schedules have serious weaknesses.

Several major efforts to restructure teacher pay have failed. The Obama Administration spent its political capital and major philanthropies invested hundreds of millions of dollars in attempts to address the disconnect between pay and performance.[2] In the end, very few places were able to successfully implement better evaluation systems, let alone start using those systems to drive compensation decisions.

Meanwhile, teacher salary schedules continue to suffer from other problems. Notably, they disproportionately reward the longest-serving veterans at the expense of early- and mid-career workers, and they ignore persistently hard-to-staff shortage areas or more challenging assignments.

Money is one of the best tools districts have to help shape the behavior of their employees and send signals about need, but salary schedules do not necessarily take advantage of this opportunity. However, it is not an either/or situation: districts can both maintain their salary schedules and add extra stipends to address other goals. Though teachers are not necessarily "in it" for the money, they do respond to financial incentives.[3] Thus, districts would be wise to consider ways to offer monetary incentives to address their strategies for labor.

1. NCES Schools and Staffing Survey, 2011-2012
2. B. Stecher et al., Intensive Partnerships for Effective Teaching Enhanced How Teachers Are Evaluated But Had Little Effect on Student Outcomes, RAND, 2019.
3. Mathematica, Talent Transfer Initiative: Attracting and Retaining High-Performing Teachers in Low-Performing Schools, 2007-2014.

The Current Moment Suggests Compensation Change May Be Afoot

A number of districts have broken from tradition to offer pay outside of the rigid step-and-lane salary schedules in the midst of the COVID-19 pandemic. This brief describes those efforts.

In particular, many districts are now offering flat-dollar raises or non-recurring bonuses, incentives to address long-standing recruitment and retention issues, or compensation to shape teacher behavior in other ways such as getting vaccinated.

It's possible that these reforms are only temporary, resulting from the unusual moment we're living in. The fall of 2021 was a remarkably tight labor market,[4] especially for "low-skill" workers like instructional aides and bus drivers. Or, districts may be so flush with one-time federal funds that they're simply trying to spend their money quickly.

Still, it's a promising sign that districts are being nimble with their funds at a time that calls for fast thinking, and some of these innovations in teacher pay may live on beyond the pandemic if district leaders find them effective. In this piece, we outline the types of innovations popping up, explain why they matter, and highlight some of the districts trying them.

FIGURE 1. Districts are using compensation in new ways

ACROSS-THE-BOARD PAYMENTS	TARGETED PAY	PAY TIED TO OTHER PRIORITIES
Flat dollar raises to more evenly distribute funds among junior/senior teachers	Targeted sums to **fill shortage areas** and address specific labor needs	Stipends tied to **extra work**, e.g., to add more learning time for students
Non-recurring stipends or bonuses to avoid future obligations	Private sector type strategies, like moving costs or signing bonuses to **attract and retain new talent**	Pay tied to **non-traditional factors** such as enrollment or vaccination

4. D. Thompson, "The Great Resignation is Accelerating," *The Atlantic*, October 2021.

FLAT-DOLLAR RAISES

Traditional teacher salary schedules determine any individual teacher's pay based on his or her years of experience and academic credentials. A worker advances a "step" for every additional year of service, and they move across "lanes" if they attain higher academic credentials, such as a Master's degree or a certain number of credits. As a result, that means districts end up withholding the highest pay from all but the longest-serving and most educated veterans. In fact, teachers must serve longer to reach their peak earnings than professionals in other fields.[5]

When districts negotiate over teacher pay, they typically agree to percentage-based raises that raise the salary schedule by the same percentage for every cell on the schedule. But in mathematical terms, a 3 percent increase on a $90,000 annual salary yields a raise of $2,700, while it gives only $1,500 more to someone earning a $50,000 annual salary. In this way, the standard percentage-based raise exacerbates any existing gaps and provides the largest dollar raises to the highest-paid teachers (those least likely to leave).

During the COVID-19 pandemic, many districts continued to offer percentage-based raises, but a few have made a different choice. Rather than raising the salary schedule by the same percentage, some districts are choosing to raise all salaries by the same dollar *amount*. For example, all teachers in Gwinnett County, Georgia received a $2,000 raise,[6] and a district in Indiana agreed to raise all teacher salaries by $5,000 in 2021 and another $2,000 in 2022.[7] These "flat-dollar" raises treat all workers equally rather than widen the discrepancy between lower-paid beginning teachers and their higher-paid veteran colleagues.

This strategy also helps address spending inequities across schools and *students*. Because districts take a hands-off approach to assigning teachers to schools, the most senior, highest-paid teachers tend to self-sort into schools and classrooms with fewer low-income students,[8] while low-income, lower-achieving students are taught by the newest, lowest-paid teachers. Some districts have tried to address these disparities by adding staffing in low-income schools, but that has only translated into students in these schools being assigned to even more inexperienced teachers.[9] If and when districts raise teacher salaries as a percentage based on their previous salary, they will inadvertently invest more dollars into their wealthier schools.

5. J. Vigdor, "Scrap the Sacrosanct Salary Schedule," *Education Next*, January 2010.
6. Gwinnett County Board of Education, Monthly Business Meeting July 2021, pg. 2157.
7. 2021-2023 Master Contract, Silver Creek School Corporation, pg. 24.
8. U.S. Department of Education, Comparability of State and Local Expenditures Among Schools Within Districts: A Report From the Study of School-Level Expenditures, 2011.
9. H. Lee, K. Shores, & E. Williams, The Distribution of School Resources in The United States: A Comparative Analysis Across Levels of Governance, Student Sub-Groups, And Educational Resources, Annenberg at Brown University, July 2021.

Providing larger incentives to more junior teachers is also a more responsive approach to teacher retention patterns. Early-career workers have turnover rates that are many times higher than their colleagues,[10] and yet the average pay schedule tends to incentivize teachers who are already the most inclined to stay. At the margins, districts would likely get a bigger retention boost through flat-dollar rather than percentage-based raises.

NON-RECURRING PAYMENTS

In 2021, we also saw an uptick in districts offering *non-recurring payments*. Thanks to the federal government providing an infusion of $190 billion to K-12 schools, a large number of districts all across the country—including but certainly not limited to Nashville, Tennessee;[11] Steamboat Springs, Colorado;[12] and Manassas City, Virginia[13]—offered flat-dollar "thank you" payments of $1,000 to $2,000 to teachers and other staff. Providence, Rhode Island gave out $3,000 payments to all union members after they agreed to a new contract.[14]

The prevalence of one-time stipends is notable because of the contrast to traditional across-the-board percentage raises. When districts agree to raise base salaries, they guarantee permanently higher salary costs for the duration of current and future contracts. Districts can run into financial difficulties if they cannot meet those obligations due to declines in revenue, which could result in painful decisions like school closures or teacher layoffs. Higher base salaries also bring higher associated pension costs, which indirectly adds to a district's long-term obligations.[15]

The non-recurring feature is of particular relevance this year, as the federal funds are set to expire by September 2024. Though the aid money has few strings attached, districts must use it toward short-term obligations or risk facing a steep fiscal cliff when the money runs out. Using the one-time federal money to raise base pay on the salary schedule would lock districts into permanently higher salaries—ones they may not be able to afford once the funds are gone.

One-time stipends avoid the same financial constraints because of their impermanent nature—they don't carry the same long-term obligations precisely because they do not impact base salary.

10. M. Roza, Breaking Tradition: A Fixed-Dollar Pay Raise Strategy That Benefits Teachers and School Districts, Rapid Response, November 2015.
11. Metro Nashville Public Schools, Focused Investments FY2021-22 Budget Presentation.
12. Steamboat Springs School District RE-2, Board of Education Business Meeting, May 2021.
13. School Board of the City of Manassas, Regular Meeting, June 2021.
14. Providence Teachers Union (PTU) (AFT 958), Fiscal Impact Schedule FY21-FY23 (3 Year Contract).
15. M. Roza, "How Lawmakers Can Raise Teacher Pay Without Decimating Pension Funds," *Forbes*, May 2020.

If districts were to make the bonuses non-pensionable—as the state of North Carolina did for stipends it awarded to all teachers this fall[16]—they also would not add to long-term pension obligations. When stipends are pensionable, their one-time nature means they boost the pensions of the workers in their final years of employment.[17]

TARGETED SUMS TO FILL SHORTAGE AREAS

The traditional one-size-fits-all teacher salary schedule is disconnected from the laws of supply and demand. Research shows that teacher turnover is consistently higher in some schools,[18] like those serving a large percentage of high-needs students. Not only that, but certain subjects, especially special education, math, science, foreign language, and ESL, suffer from more severe labor shortages than others.[19]

By structuring pay solely based on level of education and years of experience, the typical teacher salary schedule treats PE and physics teachers interchangeably, offers the same pay regardless of special expertise, and ignores any differences in labor markets for different types of skills. Offering financial incentives for hard-to-fill positions is not a new strategy. And yet school districts historically have been less than eager to use compensation as a tool to attract and retain workers in shortage areas,[20] even as research suggests that offering stipends in specific shortage areas can help improve employee retention rates.[21] In the past, districts that have tried using financial incentives to shape teacher behavior have tended toward small dollar amounts, which are less likely to affect an individual's behavior.[22] However, the influx of federal aid and the substantially tighter labor market may have created conditions leading to increased deployment of these strategies.

Targeted financial incentives are not wholly new in teaching, but what has changed is the size of the amounts and the speed with which districts have rolled out their new targeted pay plans. For example, Guilford County (North Carolina) is offering up to $30,000 extra to newly hired teachers who can show at least three years of highly effective performance and who agree to work for two years in one of the district's 25 lowest-performing schools.[23] This incentive not only aims to bring employees to the district, but also ties the amount they receive to their incoming performance record. Dallas ISD is offering bilingual teachers a signing incentive of $4,000,[24] and DeSoto ISD (Texas) is offering a multitude of signing bonuses: $4,000 for bilingual education and

16. General Assembly of North Carolina, Session 2021, Senate Bill 105.
17. C. Aldeman, "By Paying Stipends to Schools' Teaching Staff, Districts Can Add Learning Time Without Breaking the Bank," *The 74*, May 2021.
18. D. Goldhaber & R. Theobald, "Teacher Attrition and Mobility Over Time," *Educational Researcher*, November 2021.
19. K. P. McVey & J. Trinidad, Nuance in the Noise: The Complex Reality of Teacher Shortages, Bellwether Education Partners, 2019.
20. NCES Schools and Staffing Survey (SASS), 2011-12.
21. L. Feng & jT. Sass, The Impact of Incentives to Recruit and Retain Teachers in "Hard-to-Staff" Subjects: An Analysis of the Florida Critical Teacher Shortage Program, Calder Center, September 2015.
22. S. Imberman, "How Effective Are Financial Incentives for Teachers?," *IZA World of Labor*, 2015.
23. Guilford County Schools, "Join Our Team!"
24. Dallas Independent School District, "Now Hiring! Apply now to be a teacher in Dallas ISD," *Dallas ISD News Hub*, April 2020.

$5,000 for high-need areas including science, special education, and career and technical education (CTE).[25] Such signing bonuses help attract qualified workers to the district to address specific shortage areas—candidates who may otherwise have been inclined to work elsewhere.

Importantly, whether due to heightened shortages in specific areas, the large influx of federal aid dollars, or some combination, districts are implementing large, flat-dollar incentives in the hopes of keeping those positions filled. For instance, Detroit is offering a recurring bonus of $15,000 for certified teachers to teach students with special needs,[26] while Austin ISD (Texas) is offering a $2,500 stipend for bilingual support positions and $6,000 for bilingual teachers.[27] Both districts are experiencing shortages in those areas, and offering a bonus may encourage more eligible teachers to apply to fill those spots. Notably, these stipends are available for all qualified teachers, not just new hires, which may help the district retain teachers in harder-to-staff positions.

PRIVATE SECTOR STRATEGIES TO ATTRACT AND RETAIN NEW TALENT

Some districts are using strategies more common in the private sector. Along with incentives for hard-to-staff positions, there has also been an uptick in incentive pay specifically tied to retention. Of note are districts offering large incentives to be paid out over different periods of time. For example, Jefferson County (Kentucky) is paying a $5,000 bonus but will distribute the money over three installments to those who remain employed with the district.[28] Similarly, a district in Michigan reportedly offered new teachers a package of $10,000 in incentives, including a one-time sign-on bonus of $500 to cover moving fees, a one-time payment of $5,000 after completion of the first year in the district, and additional bonuses of $2,500 and $2,000 after successfully completing years two and three with the district.[29] Further, Waco ISD (Texas) will provide new and current teachers an extra $10,000 paid out in three installments—starting in December 2022 and ending September 2024—provided the teachers remain with the district.[30]

MORE PAY FOR EXTRA WORK

The federal relief funds provided district leaders the option of adding learning time for students through tutoring, summer school, or an extended school day or year. However, all of these ideas require more labor. But rather than solving that problem by adding new staff, some districts started offering their existing teachers a stipend to take on additional hours. In Hawaii, for example, teachers were offered $35 per hour to teach summer school.[31] Not all teachers take the offer, but some are choosing the extra paid work.

25. DeSoto Independent School District, Benefits & Incentives, SY2021-2022.
26. Detroit Public Schools Community District, "DPSCD Offers Recurring $15,000 Bonus for Select Special Education Teachers."
27. Austin Independent School District, Compensation and Incentives.
28. Kentucky School Boards Association, Jefferson County, Work Session June 2021.
29. M. Slagter, "Jackson Public Schools offering up to $10k bonus to attract new teachers," *Michigan Live*, March 2021.
30. Waco Independent School District, Board Special Meeting, July 15, 2021, "ESSER Bonus_Board Docs_July 15 2021."
31. State of Hawaii Department of Education, Summer Start Kindergarten Transition Program for Elementary Schools.

Stipends for teachers who take on more work can also have some hidden financial benefits. Most teachers work a 10-month contract with a fixed number of hours, while district health benefits cover a full year. If a district were to add time for students by offering stipends to existing staff, those would not come with any new health care costs.

That represents a significant potential for savings, and we've seen districts capitalize in this exact way over the past year. For example, many districts already offered stipends to teachers who agreed to teach summer school. So, when districts expanded their summer programs in 2021 to serve more students, they also needed to expand the number and types of teacher stipends.[32] The same savings apply to districts that expand the school day or year. For example, Atlanta offered all elementary teachers a flat $3,000 stipend each year for three years to extend the school day by 30 minutes as a way to add more learning time for students.[33]

PAY TIED TO NON-TRADITIONAL FACTORS

Districts are also using compensation as a tool to address other district needs. Austin ISD, for example, proposed giving salaried staff 2 percent raises if the district reached its student enrollment target.[34] This incentive was designed to encourage teachers to play a role in keeping students engaged or to track down missing students, while also creating a clear connection of student enrollment to funding: more students means more revenue.

Henry County (Georgia) was one of many places using money to encourage employees to get a COVID-19 vaccine. Fully vaccinated employees received a $1,000 inducement, which district leaders justified as a push to limit the number of interruptions and shifts in instruction for students.[35]

Temporary Changes Or Permanent Progress?

While we don't yet know how pervasive and persistent these new pay models will be, it's notable that 2020 and 2021 ushered in a wave of reforms to teacher pay after decades with almost no movement to address the problems with rigid pay schedules. An impressive number of districts have implemented stipends and other incentives that represent strategic, nimble, and financially responsible ways of compensating teachers, and we're encouraged to see districts using pay to address their persistent recruitment and retention challenges. These types of incentives send clear signals to workers about the district's priorities—whether recruiting, attracting, or retaining employees generally

32. H. Natanson & L. Meckler, "Educators Nationwide Completely Reimagined Summer School this Summer: It Could Signal a New Era," *The Washington Post*, August 2021; M. Will, "Summer School is More Important Than Ever. But Teachers Are 'Fried' and Need a Break," *Education Week*, April 2021.
33. Atlanta Public Schools, 2021-2022 Supplemental Duty Stipend Schedule.
34. Austin Independent School District, Austin ISD Recommended Budget Fiscal Year 2022, June 2021.
35. Henry County Schools, "Henry County Schools Take Shot at Increasing Vaccination Rates," July 2021.

or for specific positions or purposes. Moreover, the flat-dollar nature of the payments means they are simple to explain and equitable across employees, without adding to long-term financial obligations.

Prior to the pandemic, many district leaders might have refrained from offering these types of incentives based on the thinking that "our labor won't go for that." That perception may now be outdated. After all, not all of the initiatives highlighted here were negotiated with teachers unions, but many of them were. As districts go into their next labor negotiations, there may be an opportunity to think outside of their traditional pay scales.

To be clear, many districts continue to rely on their rigid salary schedules and have not pursued any reforms. For example, San Diego marched forward and increased its salary schedule by 4 percent across-the-board while doing little to address the district's longstanding challenges.[36] Over time, they're likely to lose out on talented individuals who are recruited more aggressively elsewhere.[37]

Notably, the districts highlighted here did not completely abandon their existing salary schedules. Instead, they added new incentives on top of what they already offered. Teachers like predictability, so this layering approach might be a pragmatic way for districts to provide that stability while also targeting their biggest staffing challenges. Beyond the pandemic era, these types of approaches could pave the way for savvier, more nimble teacher compensation packages that are better for school districts, for teachers, and for students.

THIS SERIES OF RAPID RESPONSE BRIEFS IS DESIGNED TO BRING RELEVANT FISCAL ANALYSES TO POLICYMAKERS AND EDUCATION LEADERS AMIDST THE CURRENT ECONOMIC ENVIRONMENT.

Edunomics Lab is a university-based research center dedicated to exploring and modeling complex education fiscal decisions and growing the capacity of education leaders on the topic of education finance. The Edunomics Lab is a part of the McCourt School of Public Policy at Georgetown University.

36. C. Aldeman, "Case Study: In Using Temporary School Relief Funds to Accelerate Teacher Pay and Hiring, Districts Like San Diego Could Be Locking Themselves Into Painful Cuts Down the Road," *The 74*, August 2021.
37. B. Biasi, "The Labor Market for Teachers Under Different Pay Schemes," *American Economic Journal: Economic Policy* 13, no. 3 (August 2021): 63-102.