

# Compensation Matters: Recruiting and Retaining a Highly Qualified Workforce

## *Research Roundup*

### Learn From the Newest Research in Educator Compensation

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While Compensation directly influences the recruitment and retention of educators and ultimately impacts job satisfaction. Given nationwide teacher shortages and the increasing cost of living, contemporary research signals the need for states and districts to consider strategic compensation models. Recent research provides new insight into compensation practices that can influence educator recruitment and retention (for better or worse...).

**Current vs. Historical Compensation Structures:** While debated among economists, the teacher wage penalty continues to rise as teachers are paid significantly less (23% less) than their similarly educated non-teacher counterparts (Allegretto, 2022). Stagnant wages have acted as a deterrent for college bound individuals who pursue other more lucrative professions because of financial concerns regarding a teaching career (Allegretto, 2022). Some districts have attempted to recruit teachers using attractive benefits packages (Berman & DeFeo, 2023). However, Berman and DeFeo (2023) revealed these benefits can be 1) geographically influenced, 2) often are insufficient to attract high quality educators and 3) are often useful for retaining teachers, but not recruiting them (Berman & DeFeo, 2023).

**Compensation Reform: An Equity-Focused Lever:** Schools and districts that have invested in compensation reforms have successfully reduced teacher attrition and increased job satisfaction, especially in low-income and high-minority schools (Nguyen et al., 2023). However, these reforms are often implemented slowly and can on average take a decade or more to be fully realized (Nugyen et al., 2023). A recent study conducted by Theobald and colleagues (2023) examined a statewide financial reform in Hawai'i that included a \$10,000 bonus policy for special educators. This bonus policy had an impact on special educator vacancies across the state, especially in hard to staff schools, and particularly influenced teachers not previously in special education to move into these hard-to-staff positions. The potential success of the bonus policy can be attributed to a statewide adoption and the ease and expedience with which teachers received the bonus.

To address equity, Prieto and colleagues (2023) argued that teacher compensation should be redesigned to mirror compensation models in corporate America. This would include measuring and

rewarding performance to address improving teacher quality in addition to increasing recruitment and retention (Prieto et al., 2023). As states consider various approaches to addressing the teacher shortage, Guthery and Bailes (2023) demonstrated through longitudinal data how reducing licensure requirements and increasing pathways into the field expanded the supply of alternatively licensed teachers and unintentionally led to reduced novice teacher pay. The research illustrates the unintended consequences of expanding alternative licensure programs without considering compensation as an essential ingredient in mitigating both the supply and demand elements of teacher shortages.

## Bibliography

Allegretto, S. (2022). The teacher pay penalty has hit a new high: Trends in teacher wages and compensation through 2021. *Economic Policy Institute*.  
<https://files.eric.ed.gov/fulltext/ED622883.pdf>

This study utilized survey data from the Bureau of Labor Statistics to examine trends in annual average weekly wages for teachers and other college graduates. The first survey, the Current Population Survey Outgoing Rotation Groups (CPS-ORG), was used for wage analyses. The second survey, BLS's National Compensation Survey's Employer Costs for Employee Compensation (ECEC) program, was used to examine employer costs and benefits. Data revealed teachers' wages have been relatively flat since 1996 and the teacher wage hit an all-time high in 2021 to 23.5% for women and 35.2% for men. Teacher benefits, including health and life insurance, retirement plans, and payroll taxes were not enough to offset the wage gap between teachers and other college graduates. These findings signal the critical need for significant policy action to advance compensation and school funding to attract and retain teachers and address staffing shortages.

Berman, M., & DeFeo, D. J. (2023). Equitable Compensation to Attract and Retain Qualified Teachers in High-Need Alaska Public Schools. *Educational Policy*, 08959048231174883.  
<https://journals.sagepub.com/doi/pdf/10.1177/08959048231174883>

In this study, researchers used data from the Collective Bargaining Agreements, public school data, certified personnel data, and community data in Alaska to conduct an empirical analysis. Data spanned from 2005 through 2014 and included all 462 public schools in Alaska's 53 districts. Collective bargaining agreements in this study revealed that benefits significantly varied between districts and the benefits package influenced teacher recruitment and retention. In some districts, offering enhanced benefit packages in lieu of increasing salary, the total compensation package remained too low to attract and retain highly qualified teachers. However, in districts in more remote locations, the benefits (e.g., health care, housing subsidies, travel reimbursement) were weighed more significantly and positively influenced teacher recruitment. Further, data revealed that compensation mechanisms to attract a teacher were different than those required to retain the same teacher. Specifically, a compensation package may attract the teacher to take a teaching assignment but would not be

enough to retain the teacher who may make different choices once they learn more information or gain experience in the setting. Additionally, researchers found diversifying the educator workforce in Alaska would positively impact teacher retention. Due to the variation in district compensation models across the state, the researchers suggest a state-wide salary schedule to also include community-level differentials to achieve salary equity.

Guthery, S., & Bailes, L. P. (2023). Unintended consequences of expanding teacher preparation pathways: Does alternative licensure attenuate new teacher pay? *AERA Open*, 9, 23328584231159900. <https://journals.sagepub.com/doi/pdf/10.1177/23328584231159900>

Using data from the Texas state Longitudinal Administrative Data System and the National Center for Education Statistics Common Core of Data, researchers examined the relationship between increased pathways into the field and the impact on teacher pay. Specifically, researchers explored the relationship between the increased supply of alternatively licensed teachers and novice teacher pay. Findings from this study exposed that easing licensure requirements increased the teacher supply and thereby decreased teacher pay for some novice teachers. Researchers suggested teacher pay should be commensurate with teacher pathway. Traditionally prepared teachers should earn more than alternatively licensed teachers since traditionally prepared teachers are of higher quality. Researchers argue a differentiated compensation model would reward traditionally certified teachers for their lengthier and potentially more rigorous preparation.

Nguyen, T. D., Anglum, J. C., & Crouch, M. (2023). The effects of school finance reforms on teacher salary and turnover: Evidence from national data. *AERA Open*, 9, 23328584231174447. <https://journals.sagepub.com/doi/pdf/10.1177/23328584231174447>

This study reviewed multiple datasets from 2000-2016, including data from the National Center for Education Statistics, the Bureau of Labor Statistics, the US Census Bureau, and documented lists of state policy changes and financial reforms, to examine key components of school finance reform investments on improving teacher salary, reducing turnover, and increasing job satisfaction. School Finance Reform Investments included schooling inputs (e.g., salary, bonuses, professional development, reducing class size, support staff, materials, facilities) and non-schooling inputs (e.g., investments in public health, infrastructure, tax relief). Researchers also considered mediating factors (e.g., teacher union strength, political climate, contemporary policy reforms) and moderating factors (e.g., teacher characteristics, experience, student characteristics including race and socioeconomic status). Findings from this study revealed that state financial reforms take approximately 8 to 12 years to impact teacher salary, increase salary on average by \$4,000, and impact veteran teachers more than novice teachers. Teachers in low-income or high-minority schools received higher salary increases on average (approximately \$4,500-\$6,000). Additionally, state financial reforms are swayed by the strength of a union. Teachers in weak union states earn an average salary of \$47,750 while teachers in

strong union states earn \$60,980. In response to higher salaries, teacher attrition was reduced and job satisfaction increased, especially in high-poverty or high-minority schools.

Prieto, L. C., Phipps, S., & Vincent, V. (2023). Alternative compensation, teacher performance, and policy implications: An equity theory approach. *Compensation & Benefits Review*, 55(1), 19-30. <https://journals-sagepub-com.air.idm.oclc.org/doi/pdf/10.1177/08863687221131727>

Authors of this paper propose equity theory as a theoretical framework to revise and redesign K-12 teacher compensation models in the United States to mirror compensation models adopted in other professions. Authors shared literature to support alternative and differentiated compensation models and how they could be used to address teacher shortages, increase retention, and influence teacher performance. According to this paper, current models are static and linear compensating teachers for years of experience and level of education. Drawing on the IMPACT program in Washington DC, researchers argued that teacher performance should be a significant part of the compensation model. Performance be measured using 360-degree assessment like those in the corporate setting and should not rely solely on high-stakes testing. Authors concluded that adopting a contemporary compensation model could attract and retain high quality teachers.

Theobald, R., Xu, Z., Gilmour, A., Lachlan-Hache, L., Bettini, E., & Jones, N. (2023). *The impact of a \$10,000 bonus on special education teacher shortages in Hawai'i*. CALDER Working Paper 290-0823. <https://caldercenter.org/sites/default/files/CALDER%20WP%20290-0823.pdf>

This quantitative study examined the impact of a \$10,000 bonus policy in Hawai'i. Specifically, this study examined (1) the causal effect of the bonus policy on special educator teacher shortages; (2) the extent to which the bonus policy influenced movement between special education and general education teaching positions; and (3) the extent to which the bonus policy varied between hard to staff schools where all teachers received the bonuses and other schools. Data from this study revealed the bonus had a positive and significant impact on addressing teacher shortages as measured by the number of vacant positions. Although the bonus policy did not impact special educator attrition, it did increase the number of special education positions filled by general education teachers. In addition, the bonus policy effectively addressed special educator shortages at hard to staff schools. Findings from this study have implications for policymakers including the need to provide substantial support to high-quality special educators especially in hard to staff schools. This policy is amplified when adopted state-wide and when implementation is not entangled in bureaucratic processes.



**American Institutes for Research®**

1400 Crystal Drive, 10th Floor

Arlington, VA 22202-3289

+1.202.403.5000 | <https://www.air.org/centers/GTL-CENTER>

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