

Part I

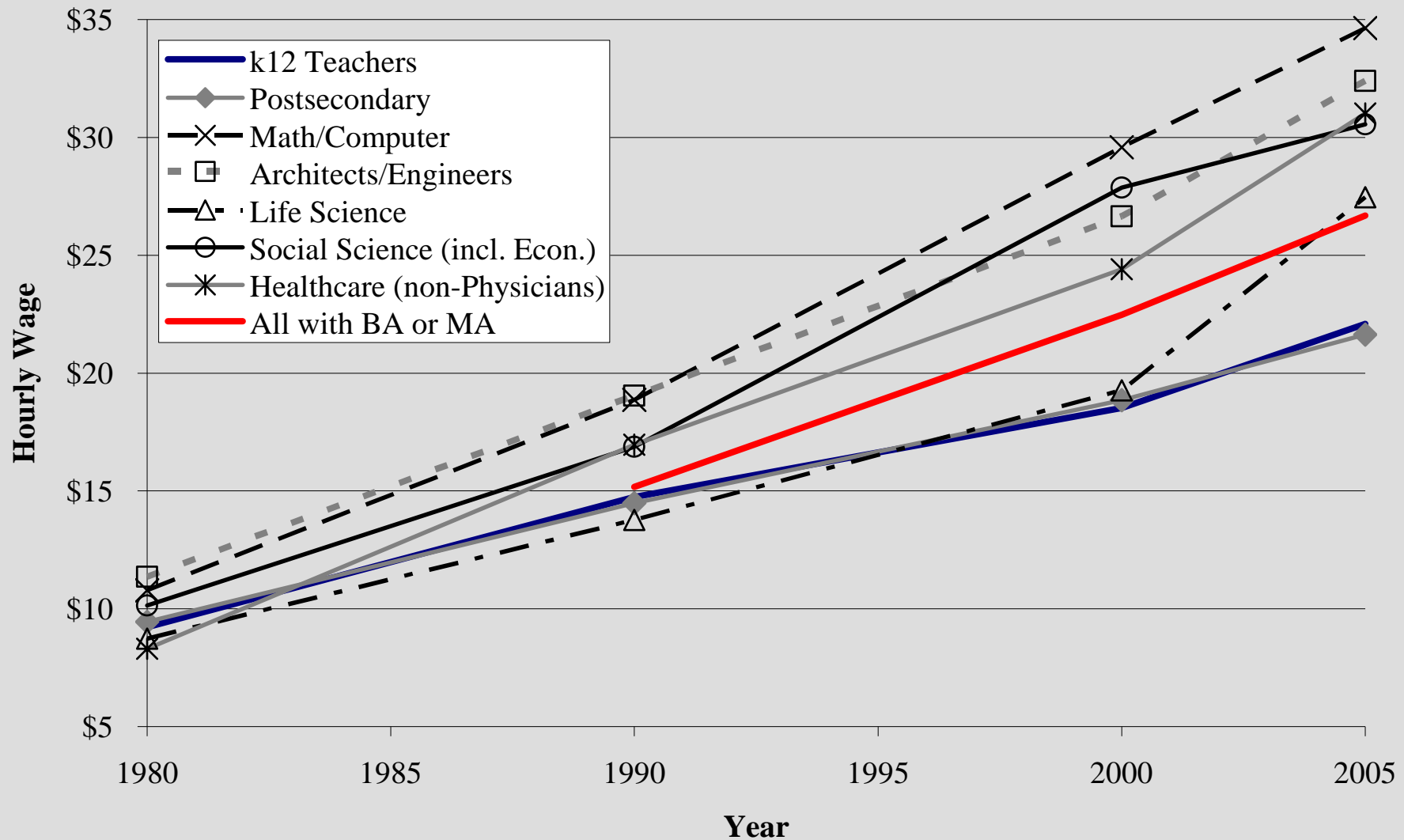
Teacher Wages – Out of control?

Take Home Points

- Teacher salaries have actually declined with respect to non-teacher wages over time in NJ, even when comparing wages for the same number of hours and weeks worked, and at same degree level and age.
- Despite a mythology that all non-teachers work every day of every week of the year and that teachers work about half the year, non-teachers actually report working about 48 weeks per year compared to teachers 42 weeks. Teachers worked about 87% of the weeks worked by other non-teacher workers in NJ.
- Comparing different data sources (something I prefer not to do), teachers at specific experience and degree levels appear to earn an annual wage about 67% of that of their non-teaching peers – annually. Okay, but they don't work as many weeks. So, they earned 67% of the wage for working 87% of the time. Still a significant disparity.
- Teachers' annual income return to experience (or age) is well less than that of non-teachers over much of their careers. Assuming teachers and non-teachers start at a similar wage at age 23 with a masters degree (around \$50k), by age 40, the average non-teacher will be earning over \$100k, while the average teacher will be approaching \$80k .
- New Jersey teacher wages for teachers in the New York metro area lag well behind New York teacher wages in Westchester, Rockland, Nassau and Suffolk counties and have grown more slowly over time.
- Certified staffing salaries for public schools, as a percent of total state and local expense, have declined over time!

Wages of Selected Occupations (National)

Integrated Public Use Microdata System (IPUMS) Census 5% Samples 1980, 1990 & 2000 and
American Community Survey of 2005

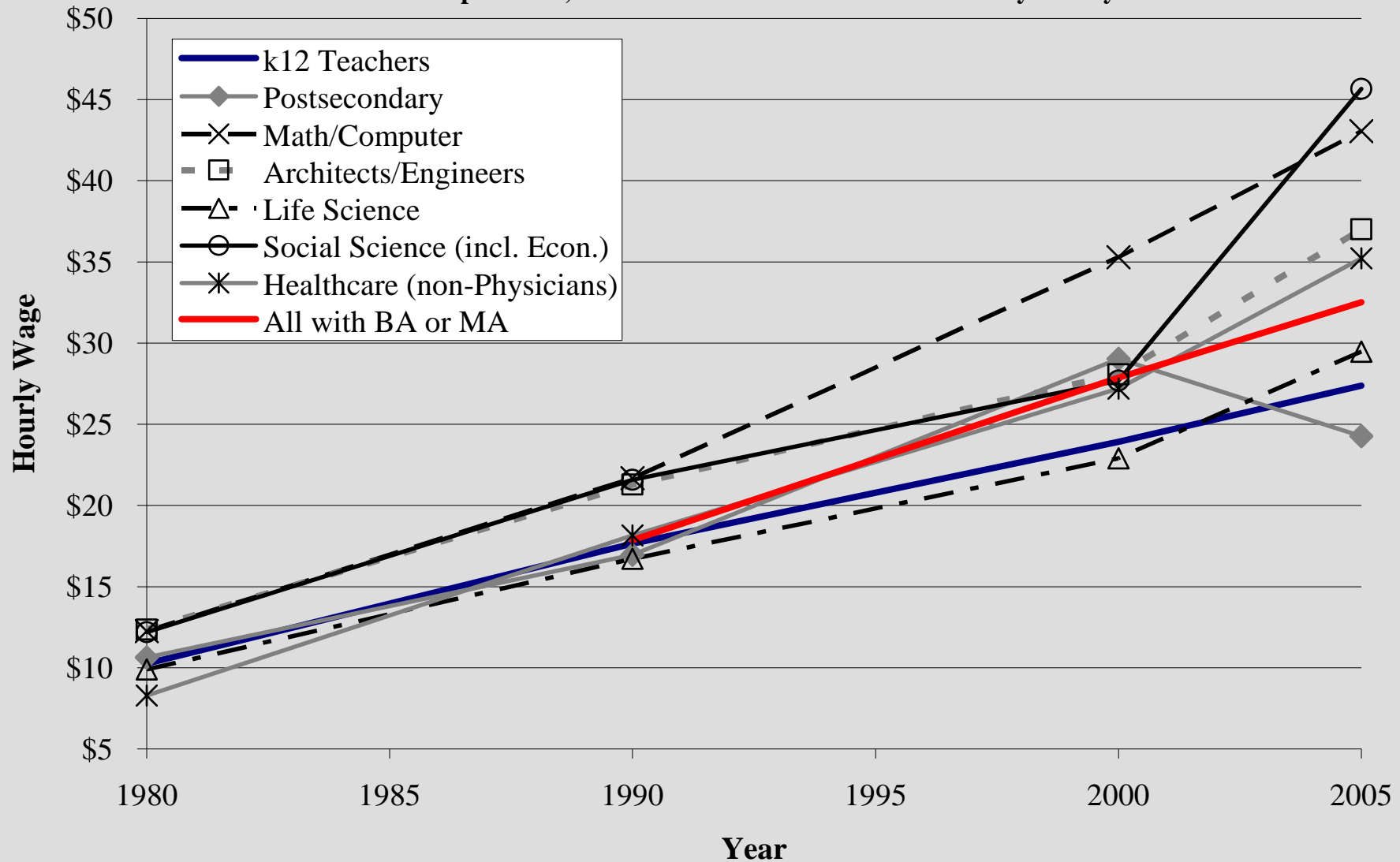


Notes: Individuals age 25 to 40. Excludes managerial positions. Hourly wages computed from “income from wages” divided by estimated annual hours worked (usual hours per week times weeks worked last year).

Wages of Selected Occupations in New Jersey

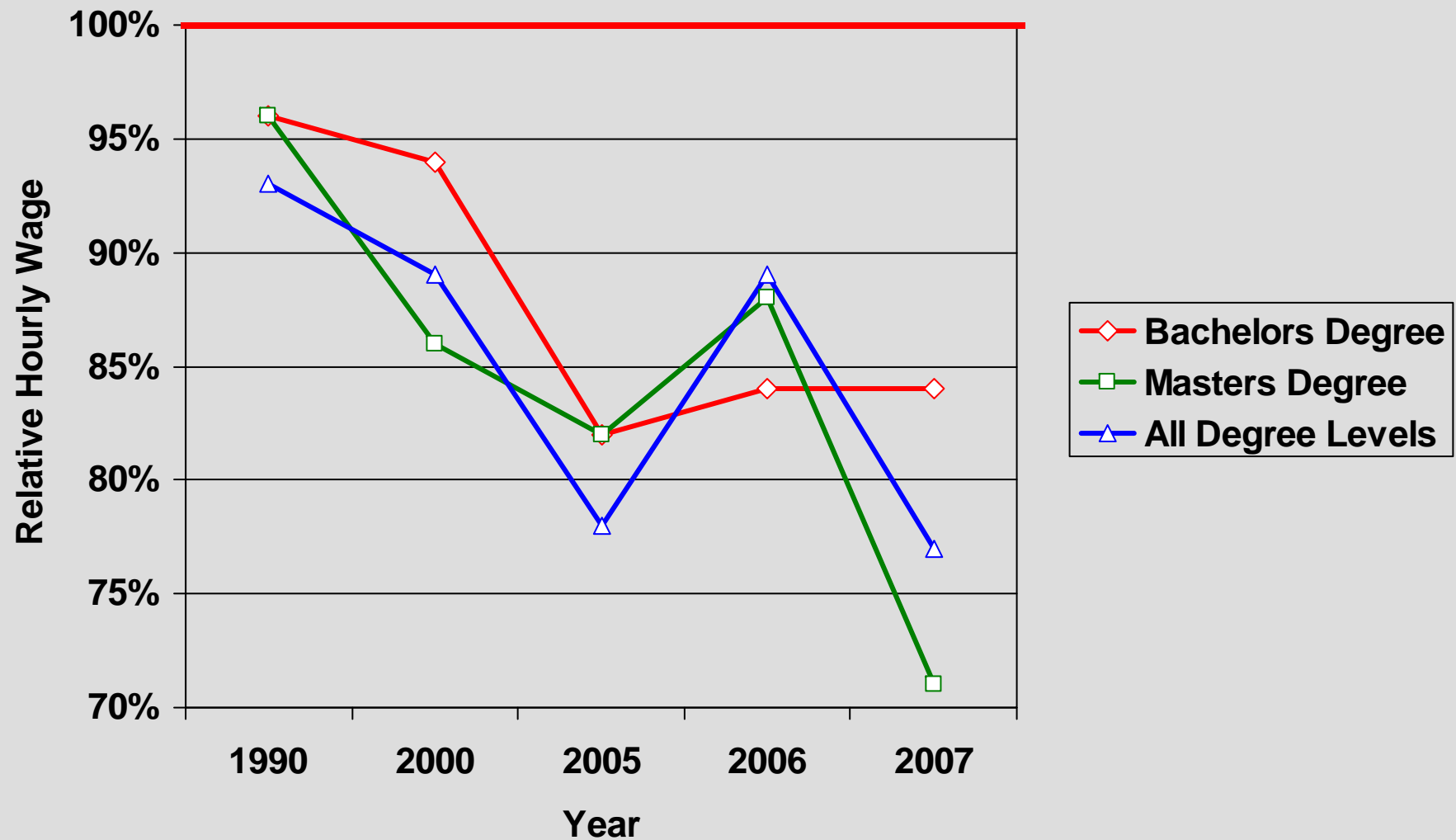
Integrated Public Use Microdata System (IPUMS)

Census 5% Samples 1980, 1990 & 2000 and American Community Survey of 2005



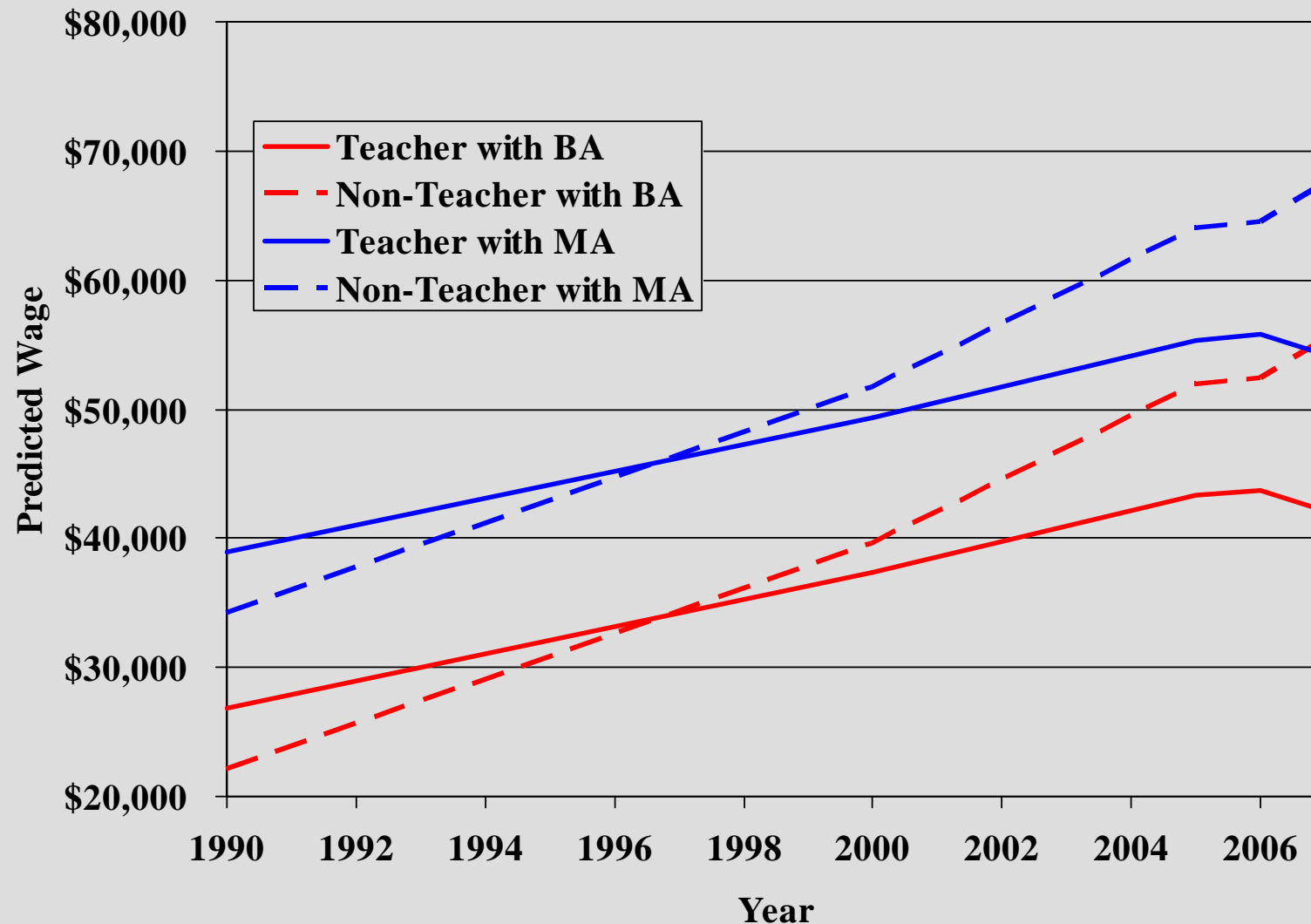
Notes: Individuals age 25 to 40. Excludes managerial positions. Hourly wages computed from “income from wages” divided by estimated annual hours worked (usual hours per week times weeks worked last year).

Teacher Hourly Wage as % of Non-Teacher Hourly Statewide



Data Source: US Census 1990 & 2000, American Community Survey 2005 - 2007

Regression Model Estimates of Teacher & Non-teacher Wages



Data Source: US Census 1990 & 2000, American Community Survey 2005 - 2007
Based on Statewide Model for worker 40yrs old, 40hrs for 40 wks

Hours Worked Last Year

| Year | Non-Teachers | Teachers | Share |
|------|--------------|----------|-------|
| 1990 | 47.82 | 41.74 | 87% |
| 2000 | 48.33 | 42.21 | 87% |
| 2005 | 48.50 | 42.92 | 88% |
| 2006 | 48.84 | 42.87 | 88% |
| 2007 | 48.78 | 42.60 | 87% |

Data Source: US Census 1990 & 2000, American Community Survey 2005 - 2007

Annual Teacher Wages and Non-Teacher Wages at Fixed Age/ Experience, Location and Degree Level

| | TEACHERS (NJDOE Data) | | Non-Teachers (Census Data) | | |
|------|--|--|---|---|--------------------------|
| | Masters Degree with 10 yrs. (Nwk CBSA) | Masters Degree with 10 yrs. (Nwk CBSA) | Masters Degree, 35 yr. Old, (Nwk Metro) | Masters Degree, 35 yr. Old, (Nwk Metro) | Teacher % of Non-Teacher |
| Year | <i>Exper. Const.</i> | <i>Exper Growth</i> | <i>Exper. Const.</i> | <i>Exper Growth</i> | |
| 2000 | | | \$ 70,732 | \$ 70,732 | |
| 2001 | | | | | |
| 2002 | \$ 50,542 | \$ 50,542 | | | |
| 2003 | \$ 52,057 | \$ 53,852 | | | |
| 2004 | \$ 53,865 | \$ 58,014 | | | |
| 2005 | \$ 55,682 | \$ 62,489 | \$ 85,404 | \$ 92,744 | 65% |
| 2006 | \$ 57,563 | \$ 66,590 | \$ 85,279 | \$ 93,258 | 67% |
| 2007 | \$ 59,373 | \$ 70,437 | \$ 89,064 | \$ 95,595 | 67% |
| 2008 | \$ 61,189 | \$ 74,139 | \$ 90,708 | \$ 98,654 | 67% |

Data Sources: Non-Teacher Wages from US Census 2000, American Community Survey 2005 - 2008 based on regression model of wages controlling for age, location, degree level and year. Teacher wages based on NJDOE Personnel Files also using regression model controlling for experience, degree level, location, position type and year.

New Jersey Elementary and Secondary Certified Staffing Wages as a Percent of State and Local Expenditures

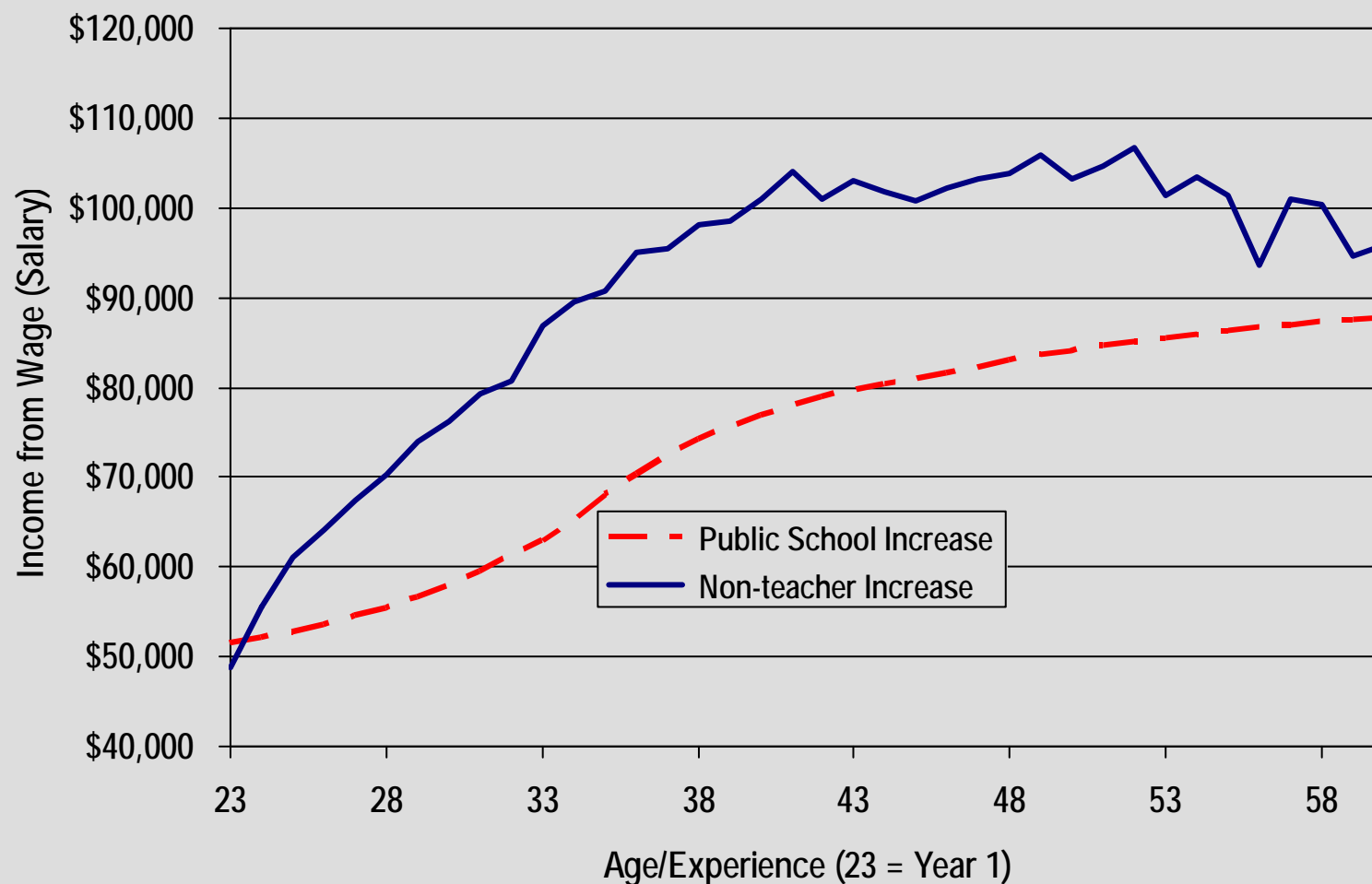
| <i>State Department of Education Certified Staffing Files</i> | | | <i>Census & Tax Policy Center State & Local Rev/Expend</i> | | | | |
|---|--------------|-----------------|--|--|--|---|---|
| Year | Mean Wage | Wage Earners | Total Wages ('000s) | (E001) Total Expenditure ('000s) | (E004) Total Current Expend ('000s) | Cert Staff Wages as % of Total State & Local Expend | Cert Staff Wages as % of Current State & Local Expend |
| 1997 | \$51,217 | 110,958 | \$5,682,939 | \$47,897,521 | \$43,359,183 | 12% | 13% |
| 1998 | \$52,022 | 113,210 | \$5,889,465 | \$50,915,658 | \$45,714,119 | 12% | 13% |
| 1999 | \$52,878 | 116,535 | \$6,162,190 | \$51,264,737 | \$46,447,220 | 12% | 13% |
| 2000 | \$53,533 | 120,724 | \$6,462,689 | \$54,590,246 | \$49,638,211 | 12% | 13% |
| 2001 | \$54,142 | 125,152 | \$6,776,035 | | | | |
| 2002 | \$55,422 | 130,572 | \$7,236,526 | \$64,289,465 | \$57,609,960 | 11% | 13% |
| 2003 | \$56,541 | 133,765 | \$7,563,223 | | | | |
| 2004 | \$58,132 | 136,279 | \$7,922,223 | \$74,335,925 | \$66,861,901 | 11% | 12% |
| 2005 | \$59,698 | 138,986 | \$8,297,204 | \$79,845,099 | \$71,944,445 | 10% | 12% |
| 2006 | \$61,443 | 140,651 | \$8,642,062 | \$82,928,181 | \$74,854,461 | 10% | 12% |
| 2007 | \$63,072 | 141,337 | \$8,914,472 | \$87,091,981 | \$78,594,281 | 10% | 11% |

Data Sources:

A) NJDOE Certified Staffing files

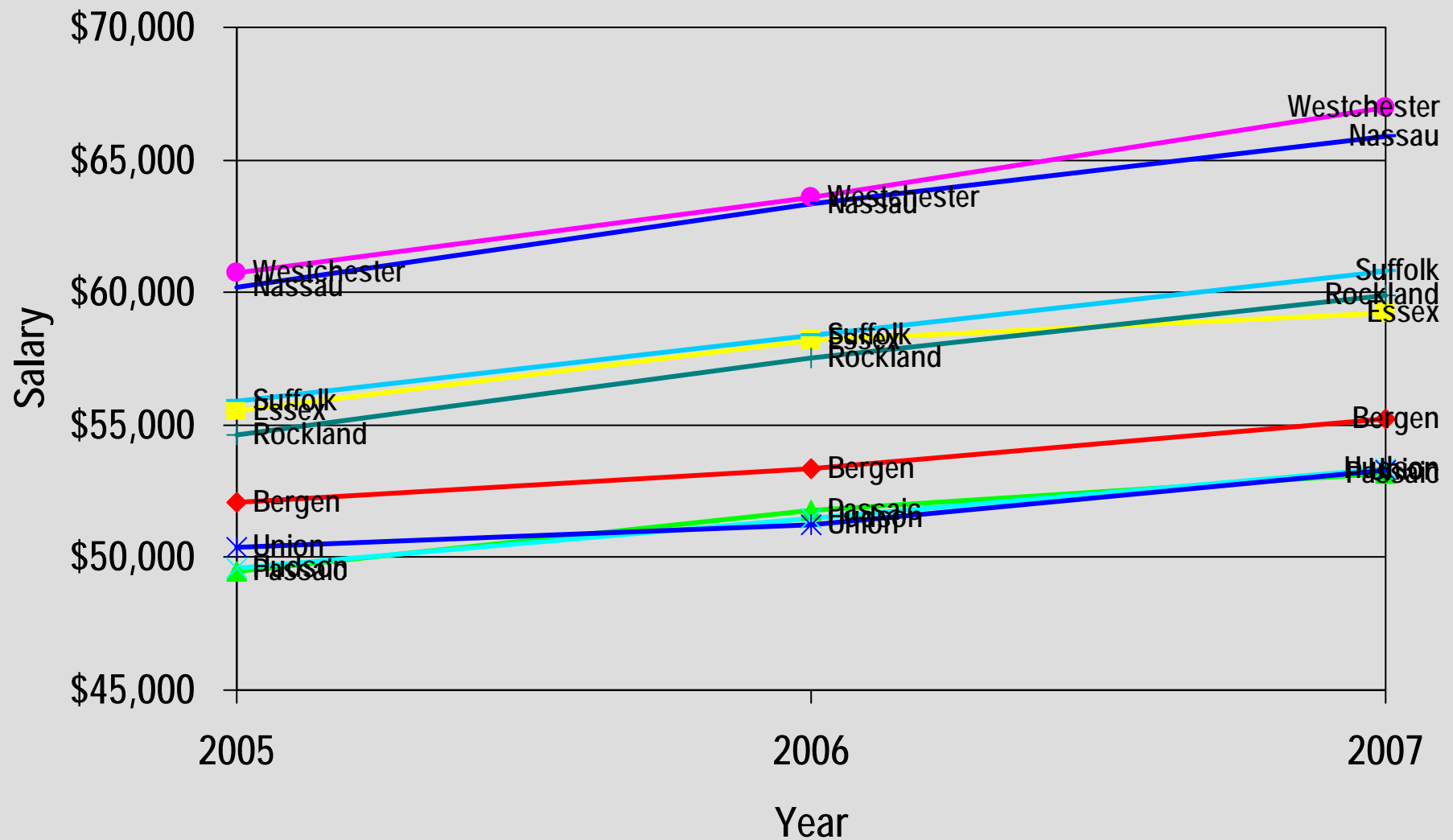
B) State & Local Government Finance Data Query System. <http://www.taxpolicycenter.org/slf-dqs/pages.cfm>. The Urban Institute-Brookings Institution Tax Policy Center. Data from U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Volume 4, and Census of Governments (Years). Date of Access: (22-Mar-10 09:55 AM)

Returns to Experience/Age for Teachers and Non-Teachers (at fixed degree level, location)



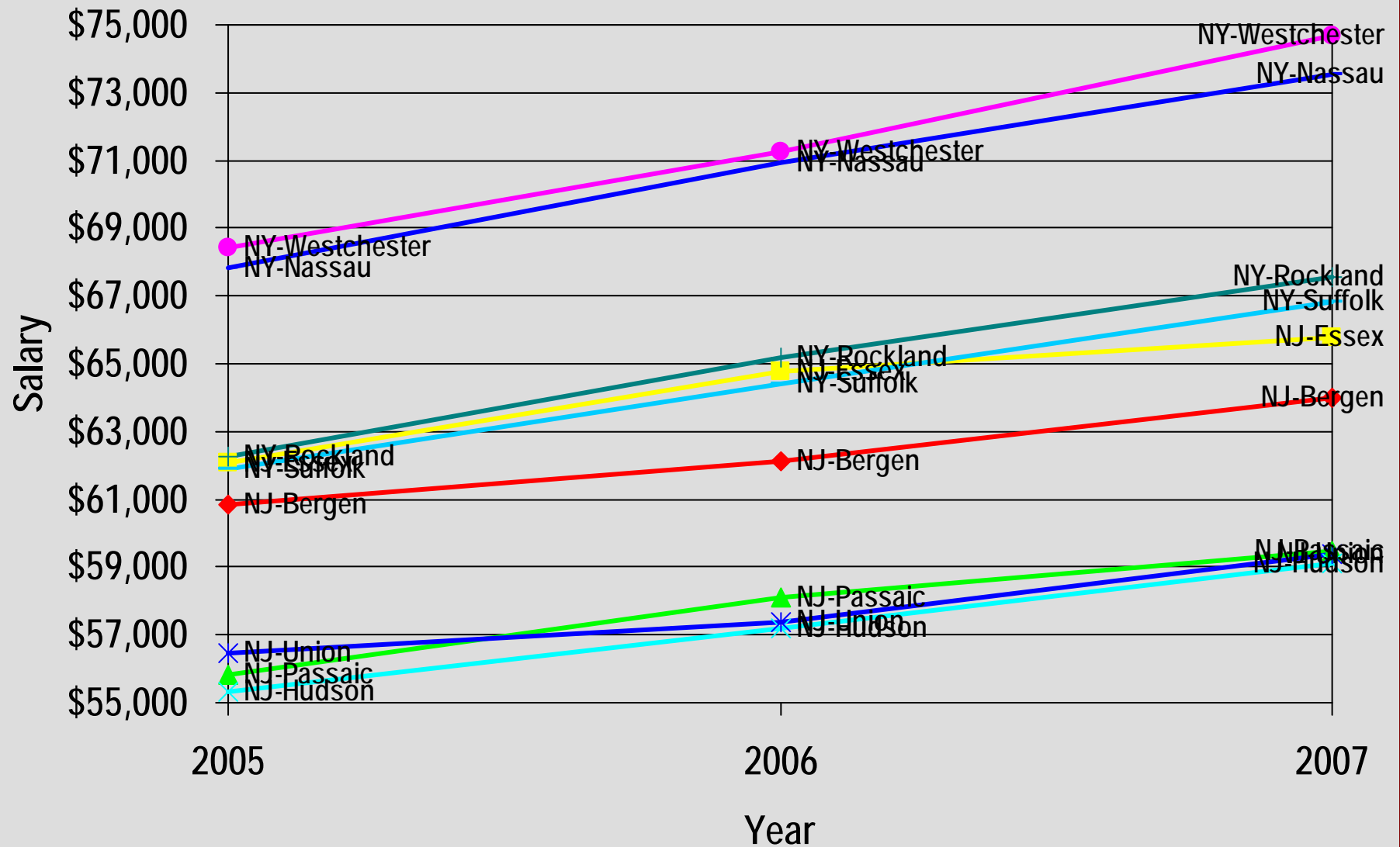
Data Sources: Non-Teacher Wages from US Census 2000, American Community Survey 2005 - 2008 based on regression model of wages controlling for age, location, degree level and year. Teacher wages based on NJDOE Personnel Files also using regression model controlling for experience, degree level, location, position type and year.

Teacher Salaries in NY and NJ Counties in NY Metro Area (BA Degree with 10 Years)



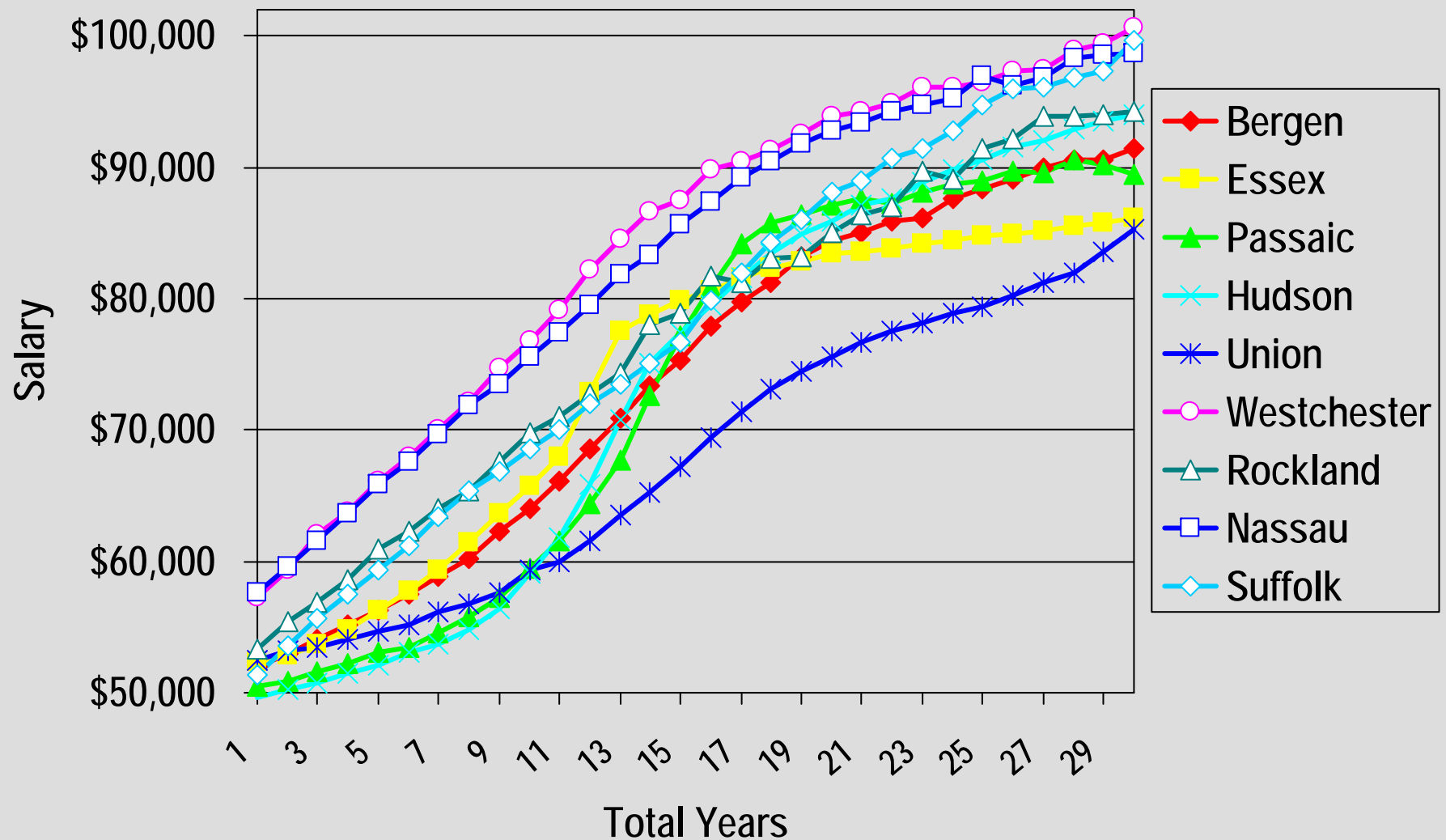
Data sources: Based on statistical model of individual teacher level salaries from NJDOE and NYSED certified staffing (personnel master) files. Model includes salary as a function of year, total experience and degree level.

Teacher Salaries in NY and NJ Counties in NY Metro Area (MA Degree with 10 Years)



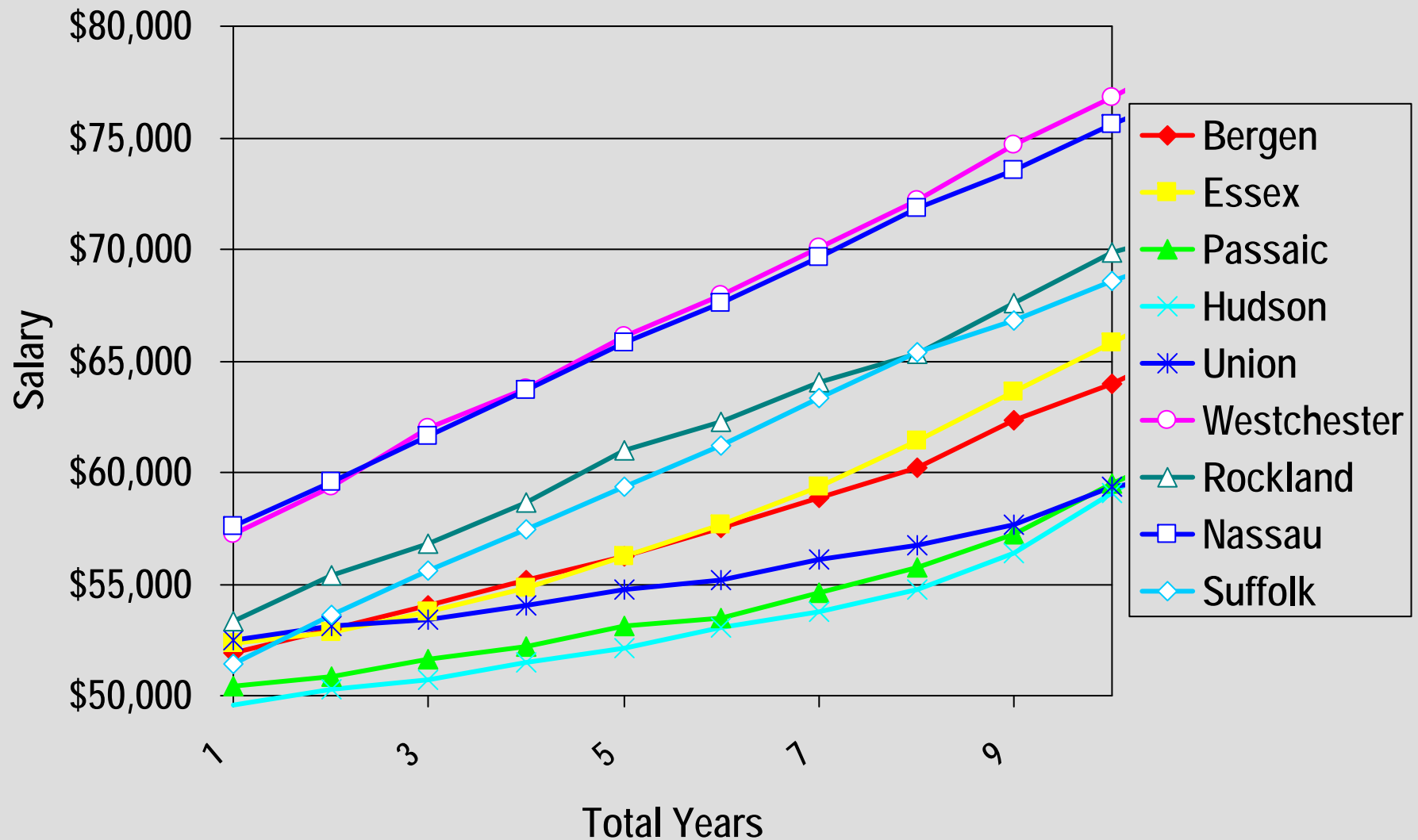
Data sources: Based on statistical model of individual teacher level salaries from NJDOE and NYSED certified staffing (personnel master) files. Model includes salary as a function of year, total experience and degree level.

Teacher Salaries in NY and NJ Counties in NY Metro Area (MA Degree over First 30 Years, in 2007)



Data sources: Based on statistical model of individual teacher level salaries from NJDOE and NYSED certified staffing (personnel master) files. Model includes salary as a function of year, total experience and degree level.

Teacher Salaries in NY and NJ Counties in NY Metro Area (MA Degree over First 10 Years, in 2007)



Data sources: Based on statistical model of individual teacher level salaries from NJDOE and NYSED certified staffing (personnel master) files. Model includes salary as a function of year, total experience and degree level.

Note regarding benefits & bias

- Corcoran and Mishel point out here:
http://epi.3cdn.net/05447667bb274f359e_zam6br3st.pdf
[that](#)
 - “...overall K-12 teacher compensation was 27.5% greater than teacher wages alone, while overall professional compensation was 23.5% greater than professional wages. These differences in benefit shares translate into a benefits “bias” of 2.8 percentage points in 2006.”
- That is, benefits would close little of the overall gap in wages, even if the bias is somewhat larger in NJ.
- [Costrell and Podgursky](#) show about a 5% (slightly less) differential (10% non-teachers, 15% teachers) in the value of pensions, a portion of benefits. This too would close only part of the teacher to non-teacher wage gap in New Jersey, even if we assume New Jersey benefits for teachers to be much greater than other employee benefits.

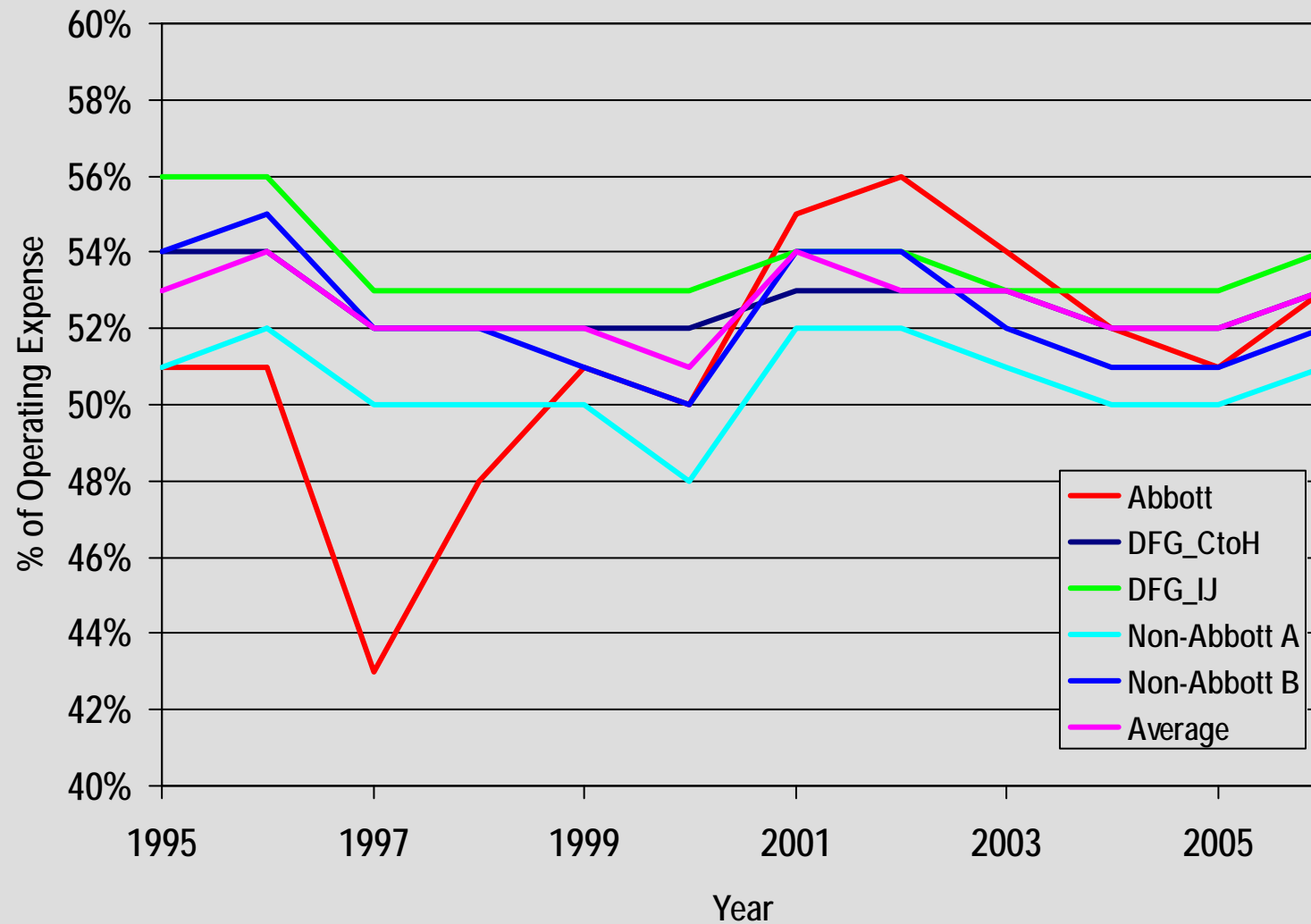
Part II

District Resources and the Growing “Administrative Blob”

Take Home Points

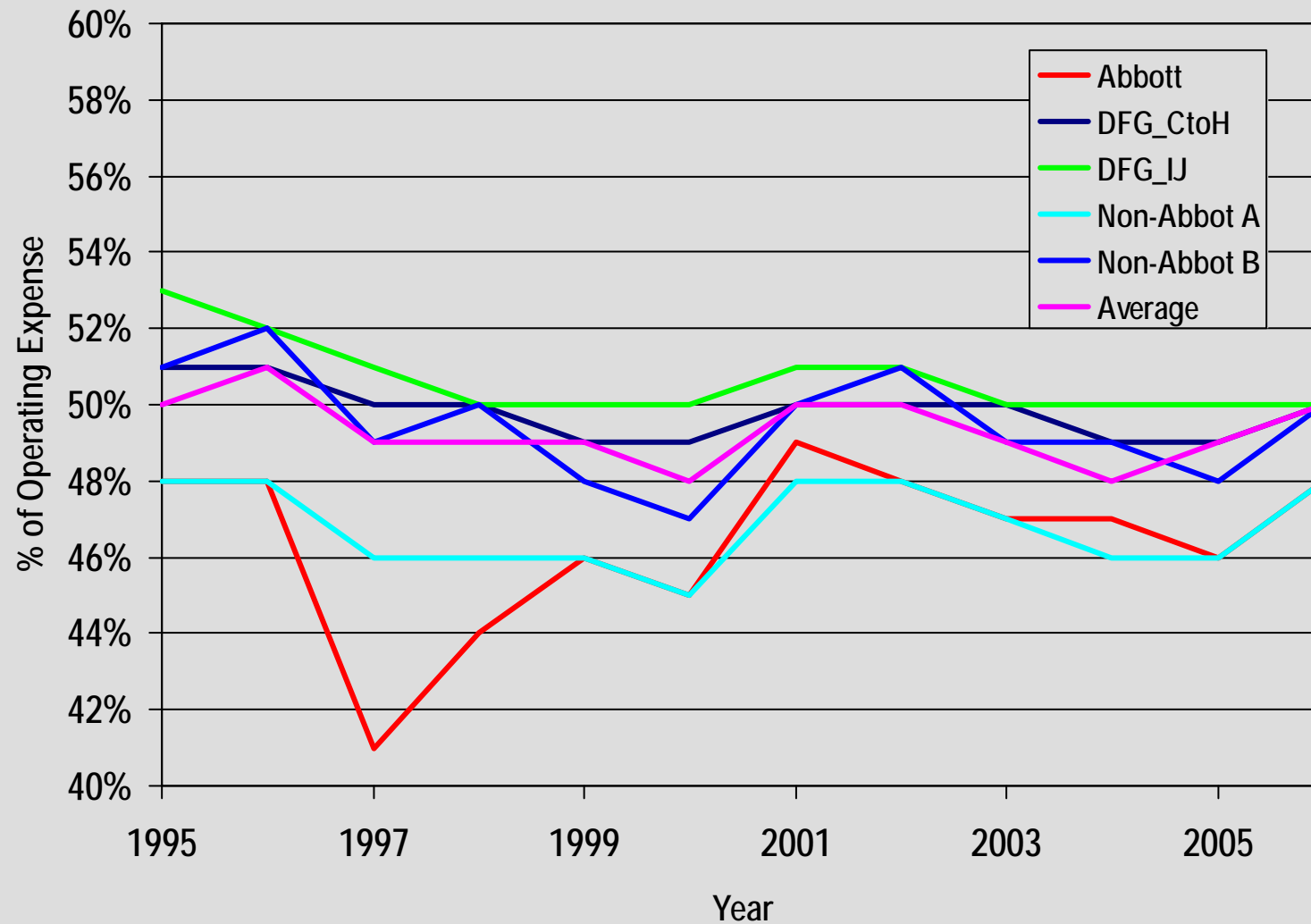
- Classroom instructional spending as a share of budgets has remained relatively constant over time, and poor urban districts are in line with other NJ districts in this regard.
- Total administrative expenses as a share of school district budgets have remained relatively constant for nearly 15 years and large poor urban and Abbott district administrative expenses are in line with (and lower than) other districts.
- School level administrators are a relatively small share of school personnel. Not shown here, but also relevant is the fact that school level administrative salaries are only marginally higher than senior teacher salaries. As such, it is highly unlikely that one can cut substantially close budget gaps by cutting “administrative fat” alone.
- District and school level administrative salaries in New Jersey have been flat for a decade. They are not increasing dramatically.
- Private independent school headmaster compensation tends to be much higher than a) superintendent salaries of the district where the private school is located and b) large city superintendent salaries.

Percent of District Budgets Allocated to “Classroom” Instruction over Time



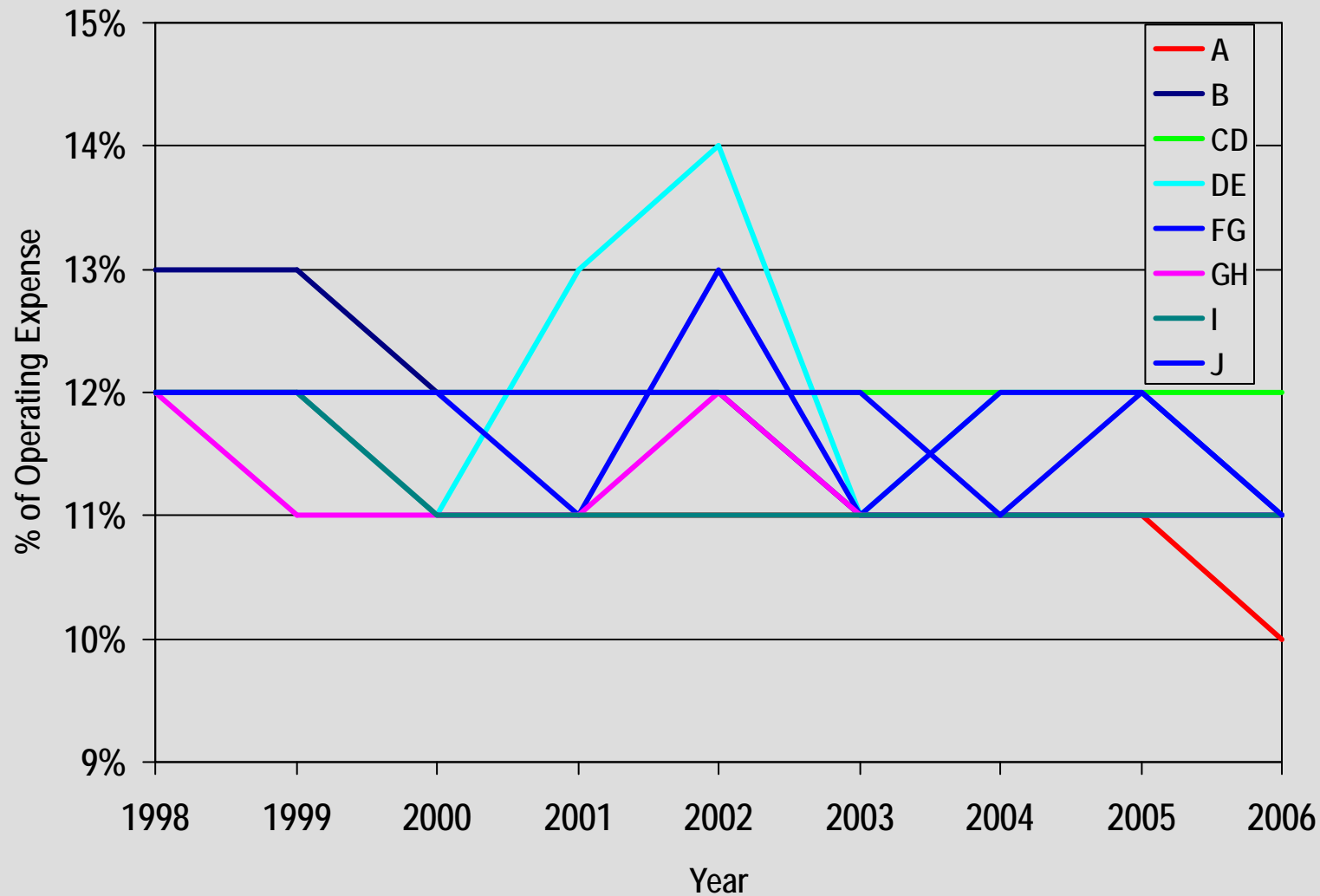
Data Sources: Comparative Spending Guide reconciled with Annual Financial Report detail for NJ School Districts 1995 to 2006.

Percent of District Budgets Allocated to “Classroom” Salaries for Instruction over Time



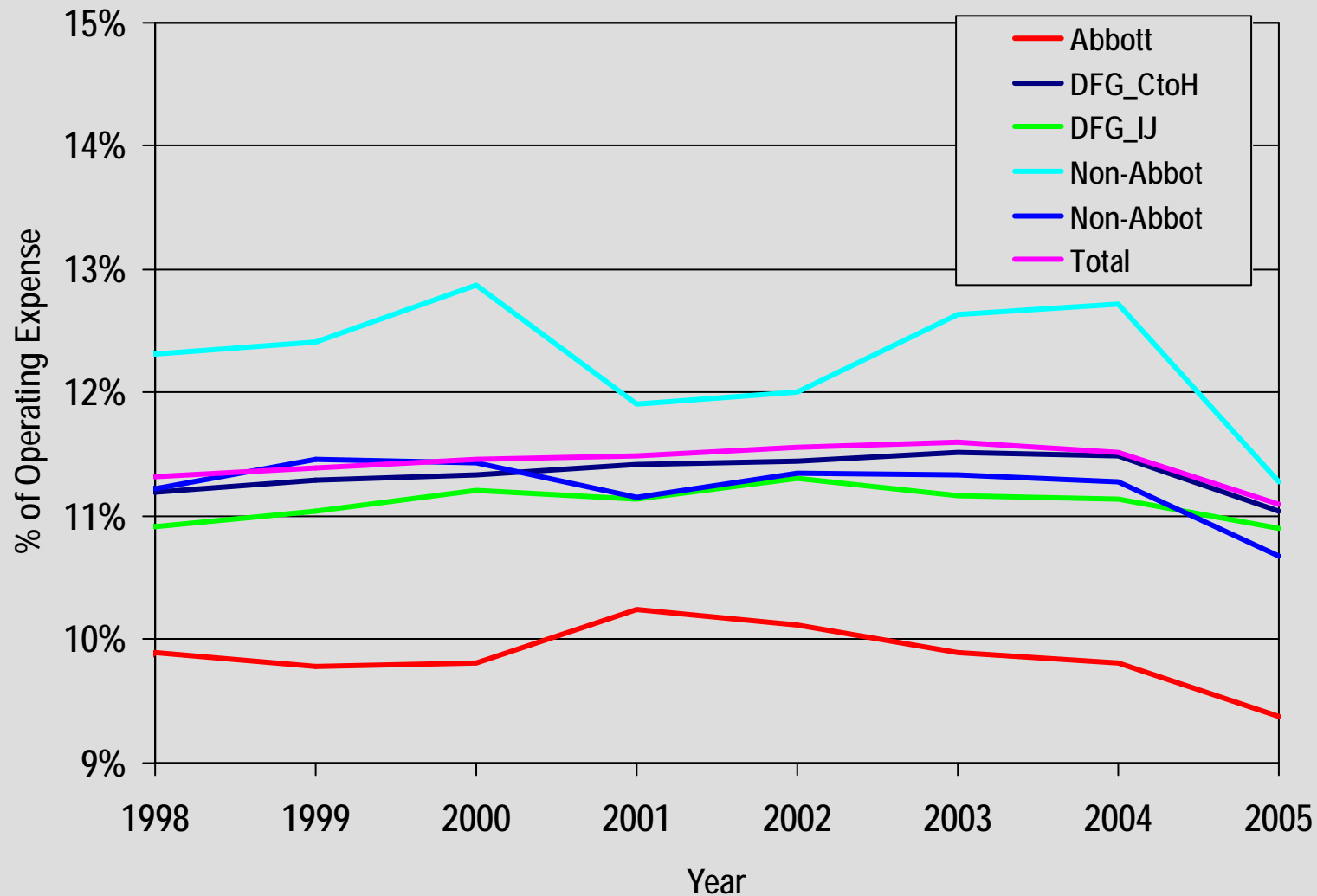
Data Sources: Comparative Spending Guide reconciled with Annual Financial Report detail for NJ School Districts 1995 to 2006.

Percent of District Budgets Allocated to Total Administrative (District and School Level) Expense



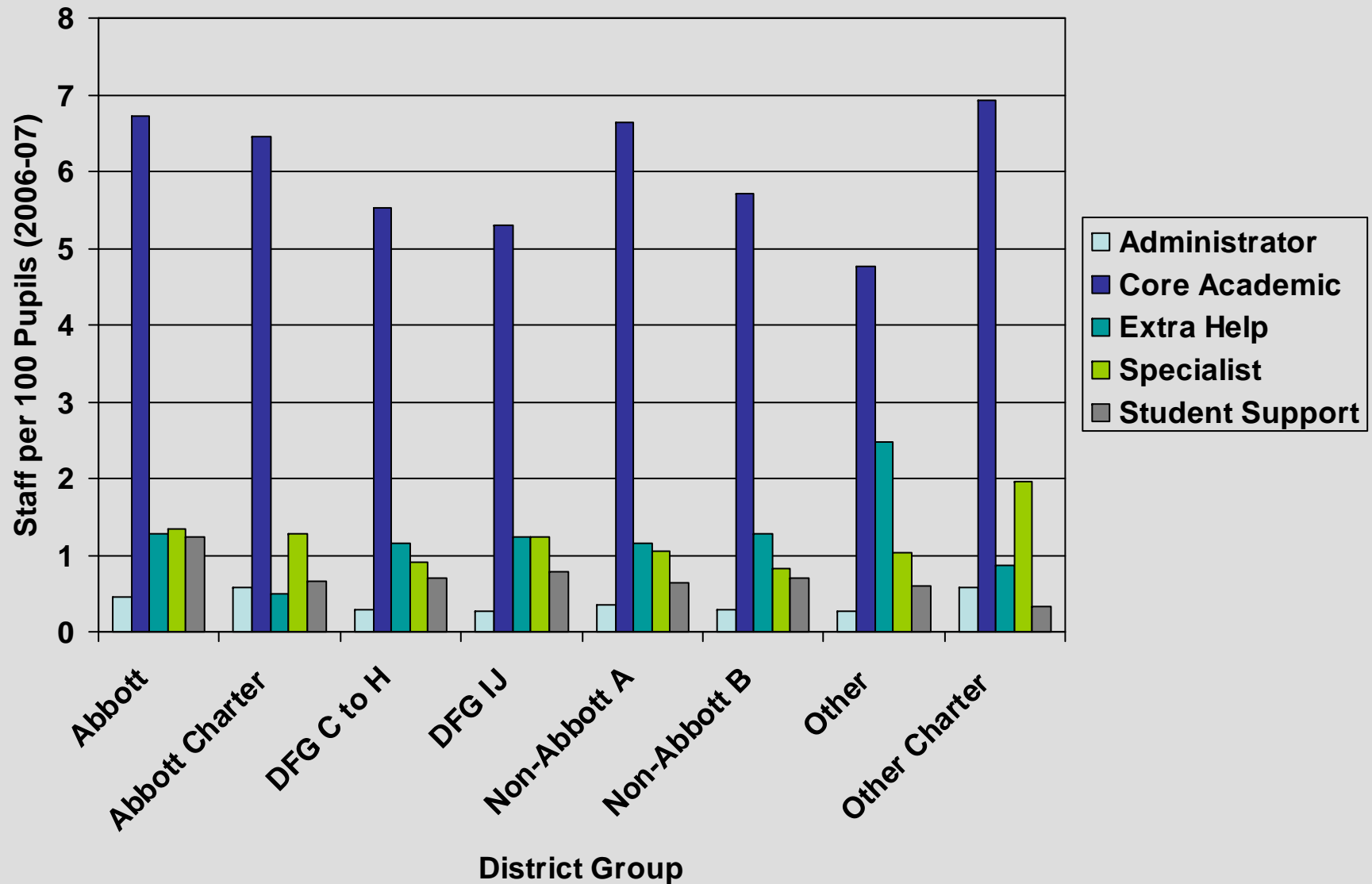
Data Sources: Comparative Spending Guide reconciled with Annual Financial Report detail for NJ School Districts 1998 to 2006.

Percent of District Budgets Allocated to Total Administrative (District and School Level) Expense



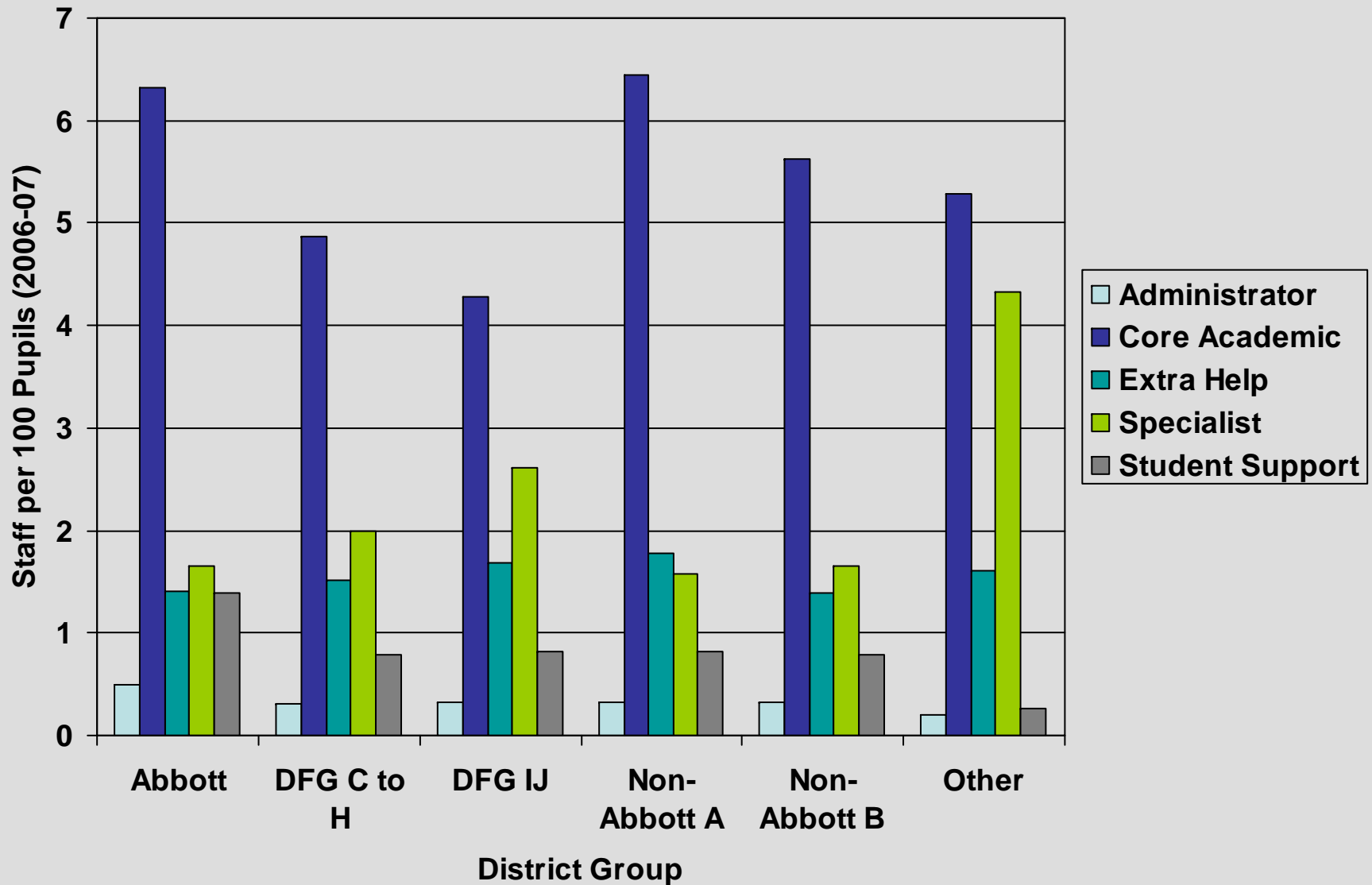
Data Sources: Comparative Spending Guide reconciled with Annual Financial Report detail for NJ School Districts 1995 to 2005. (not weighted for district enrollment)

Elementary School Staff per 100 Pupils



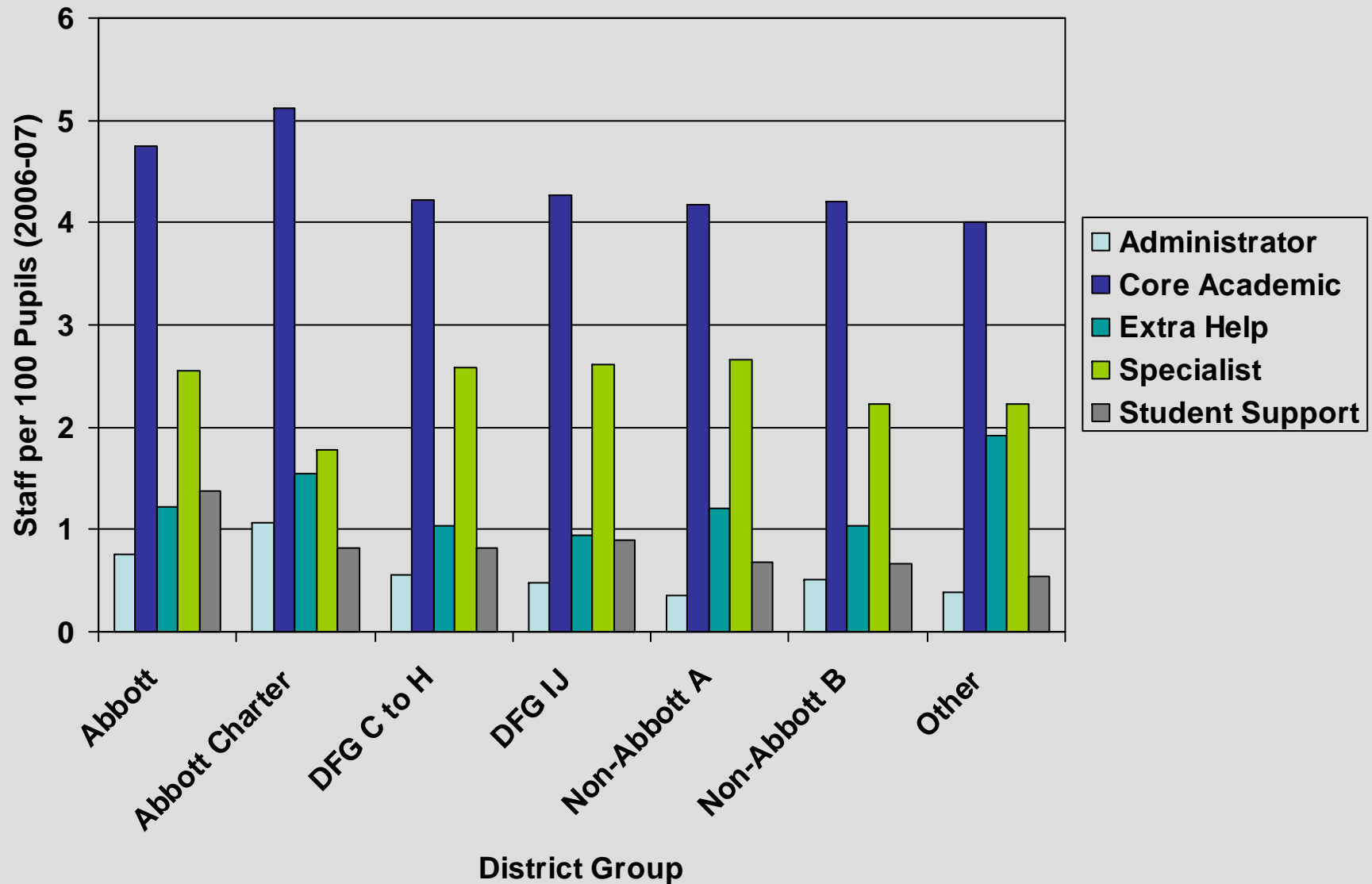
Data Source: NJDOE Staffing Files 2006-07

Middle School Staff per 100 Pupils



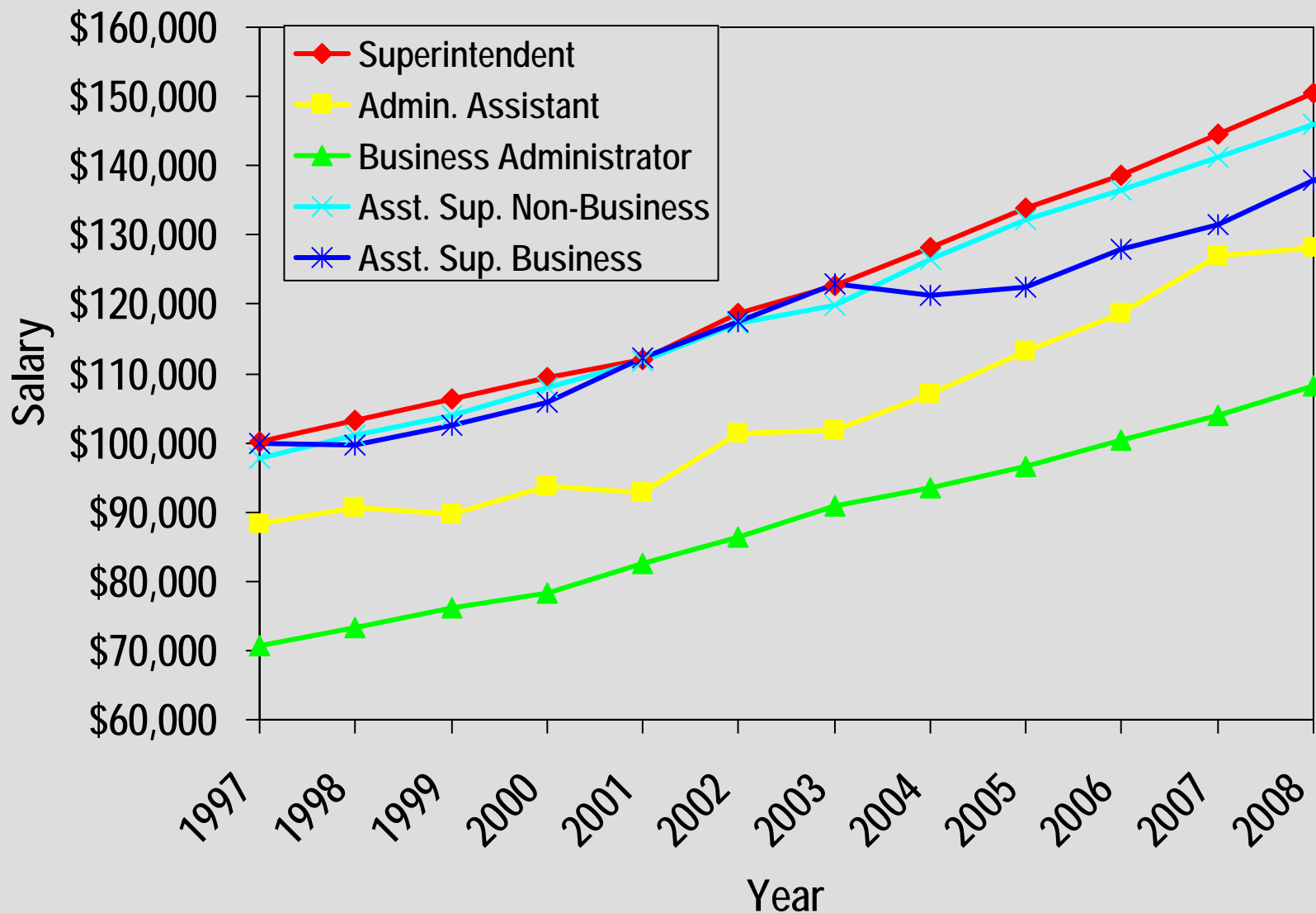
Data Source: NJDOE Staffing Files 2006-07

High School Staff per 100 Pupils



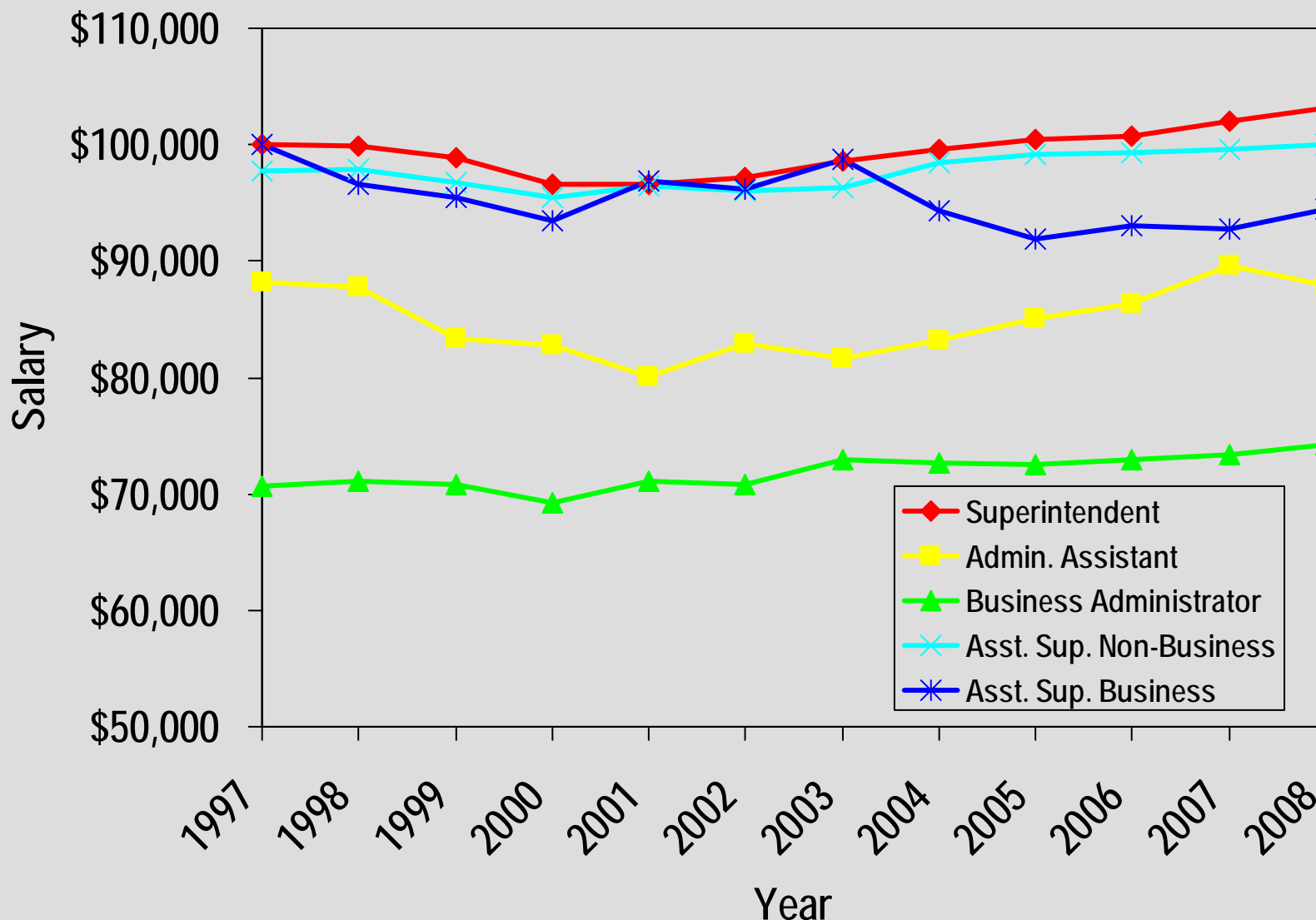
Data Source: NJDOE Staffing Files 2006-07

District Level Administrative Salaries in New Jersey



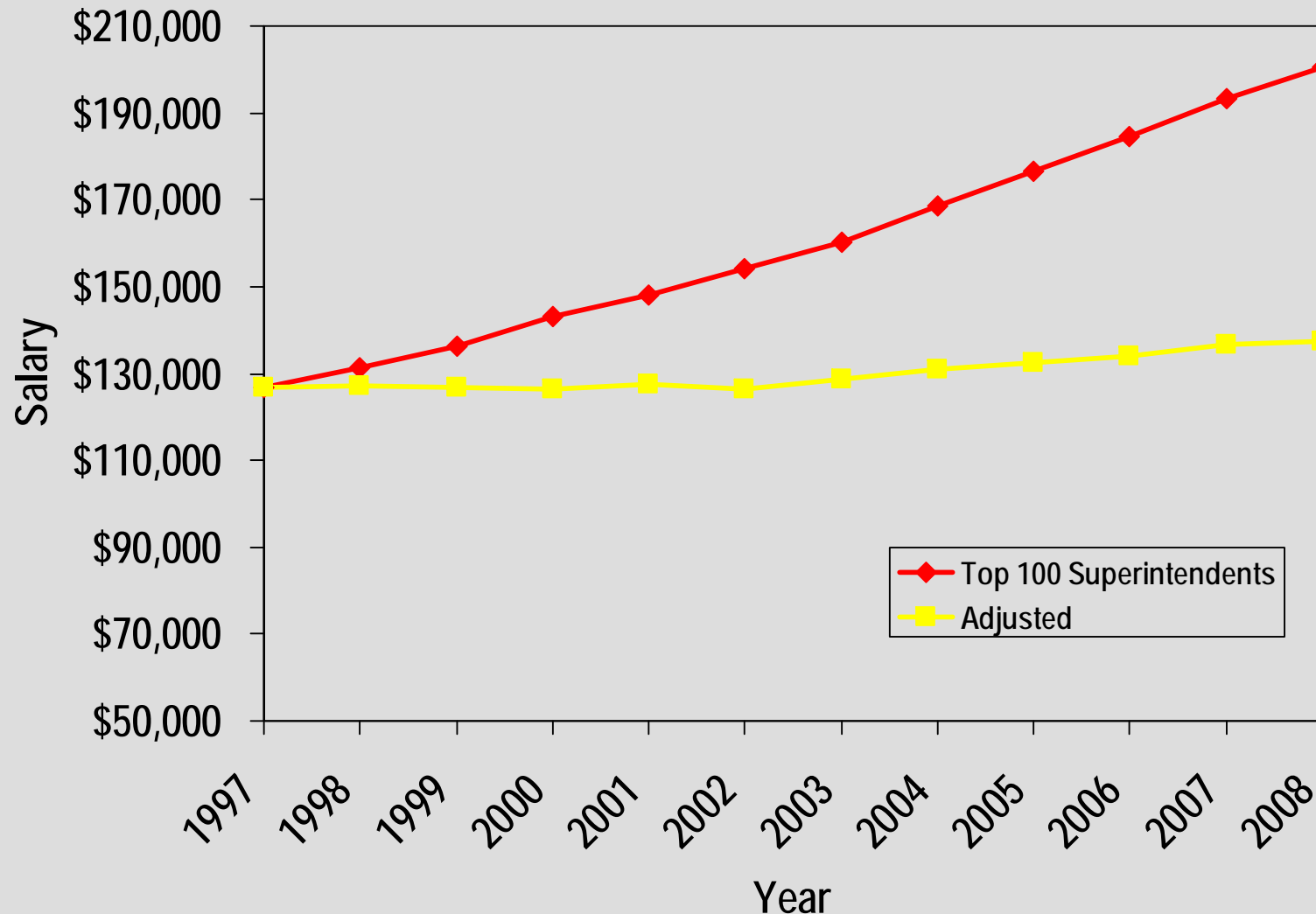
Data source: NJDOE Staffing Files. Includes cumulative salaries of individuals by job code because some district level administrators hold positions across multiple districts, collecting more than one salary.

District Level Administrative Salaries in New Jersey ECWI Adjusted (\$1997 constant)



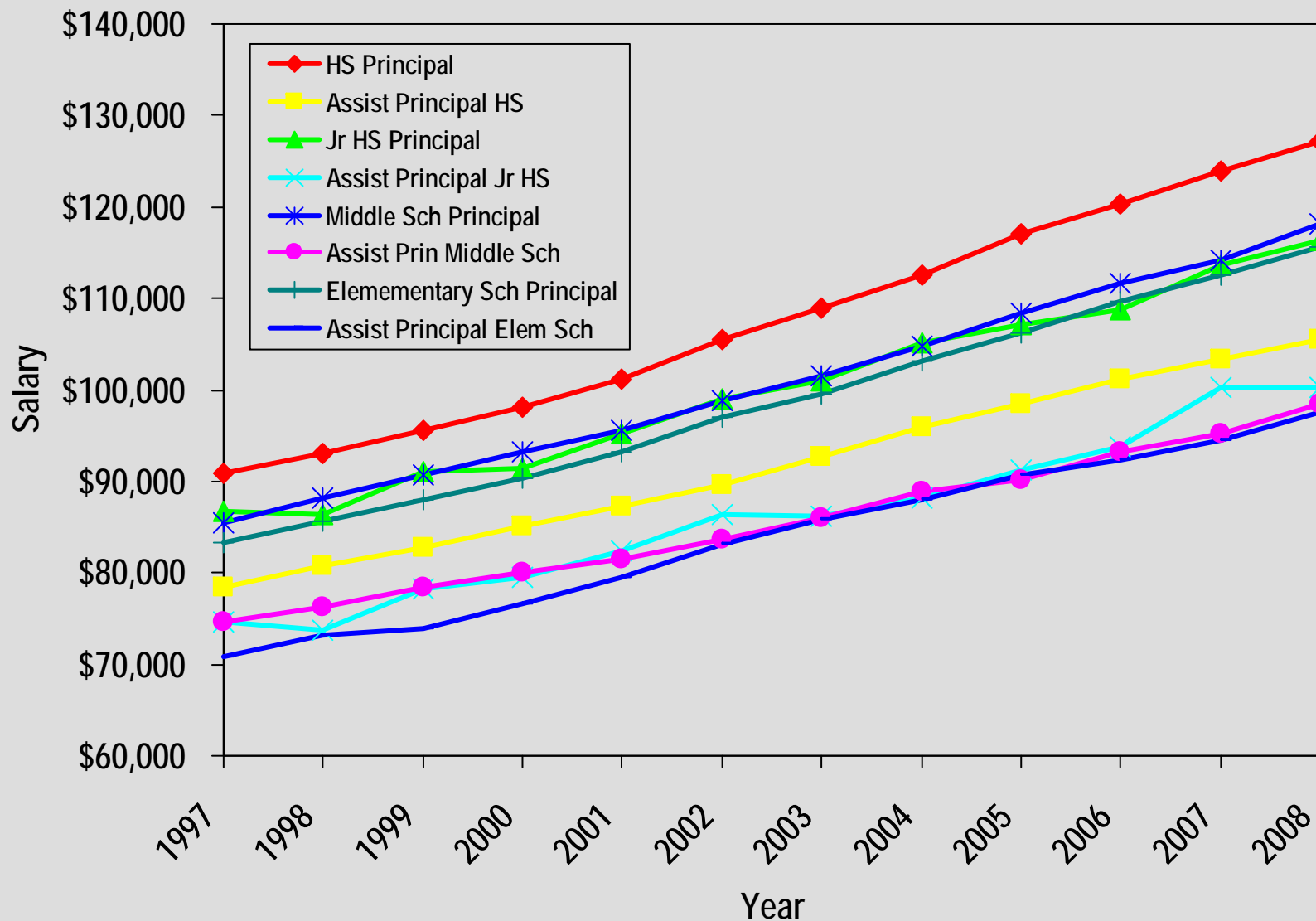
Data source: NJDOE Staffing Files & NCES State ECWI (<http://nces.ed.gov/edfin/adjustments.asp>) 2006 to 2008 ECWI not available. Assumed at average rate of change from 1997 to 2005. Includes cumulative salaries of individuals by job code because some district level administrators hold positions across multiple districts, collecting more than one salary.

Top 100 Superintendent Salaries in New Jersey & ECWI Adjusted Salaries (\$1997 constant)



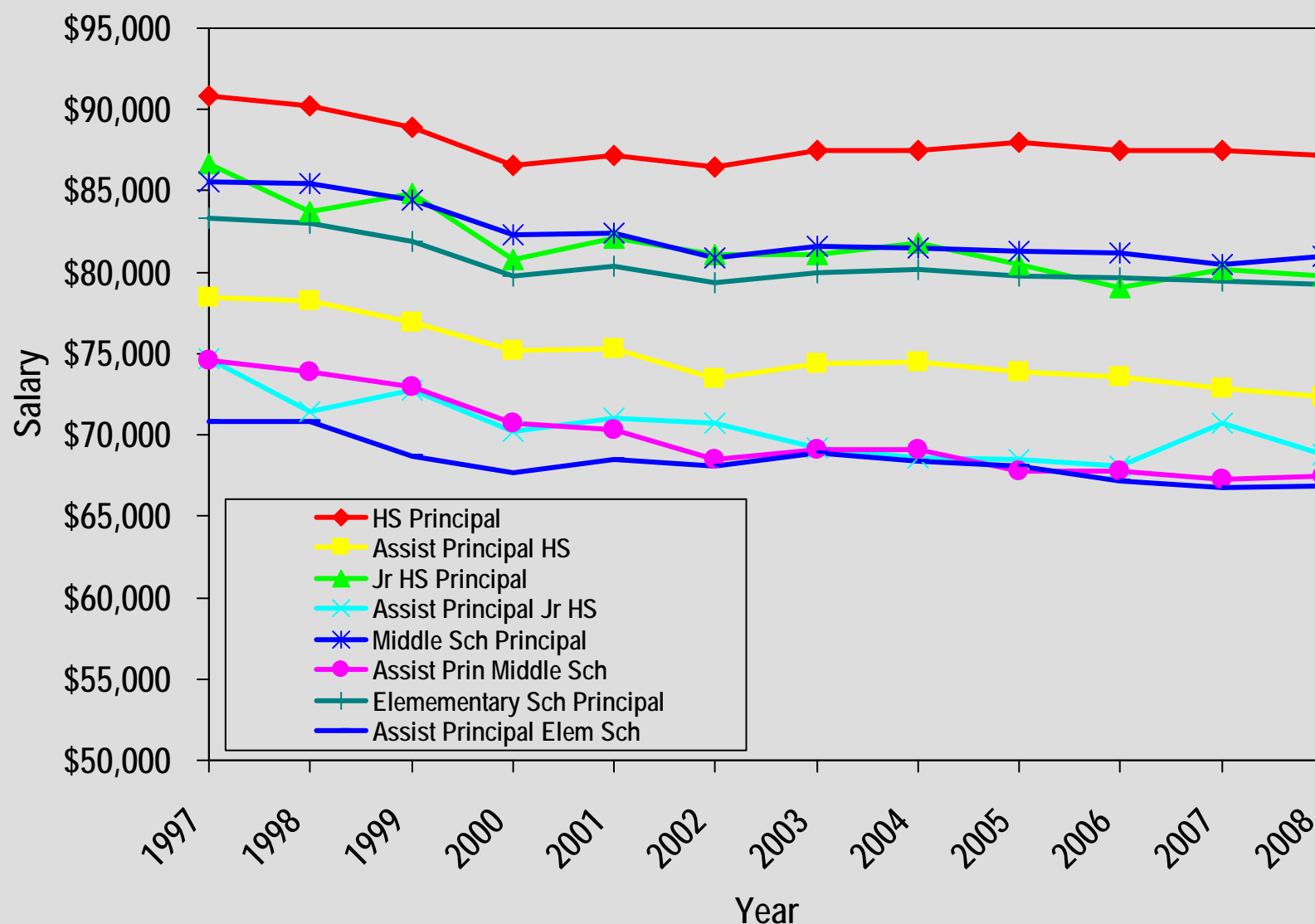
Data source: NJDOE Staffing Files & NCES State ECWI (<http://nces.ed.gov/edfin/adjustments.asp>) 2006 to 2008 ECWI not available. Assumed at average rate of change from 1997 to 2005. Includes cumulative salaries of individuals by job code because some district level administrators hold positions across multiple districts, collecting more than one salary.

School Level Administrative Salaries in New Jersey



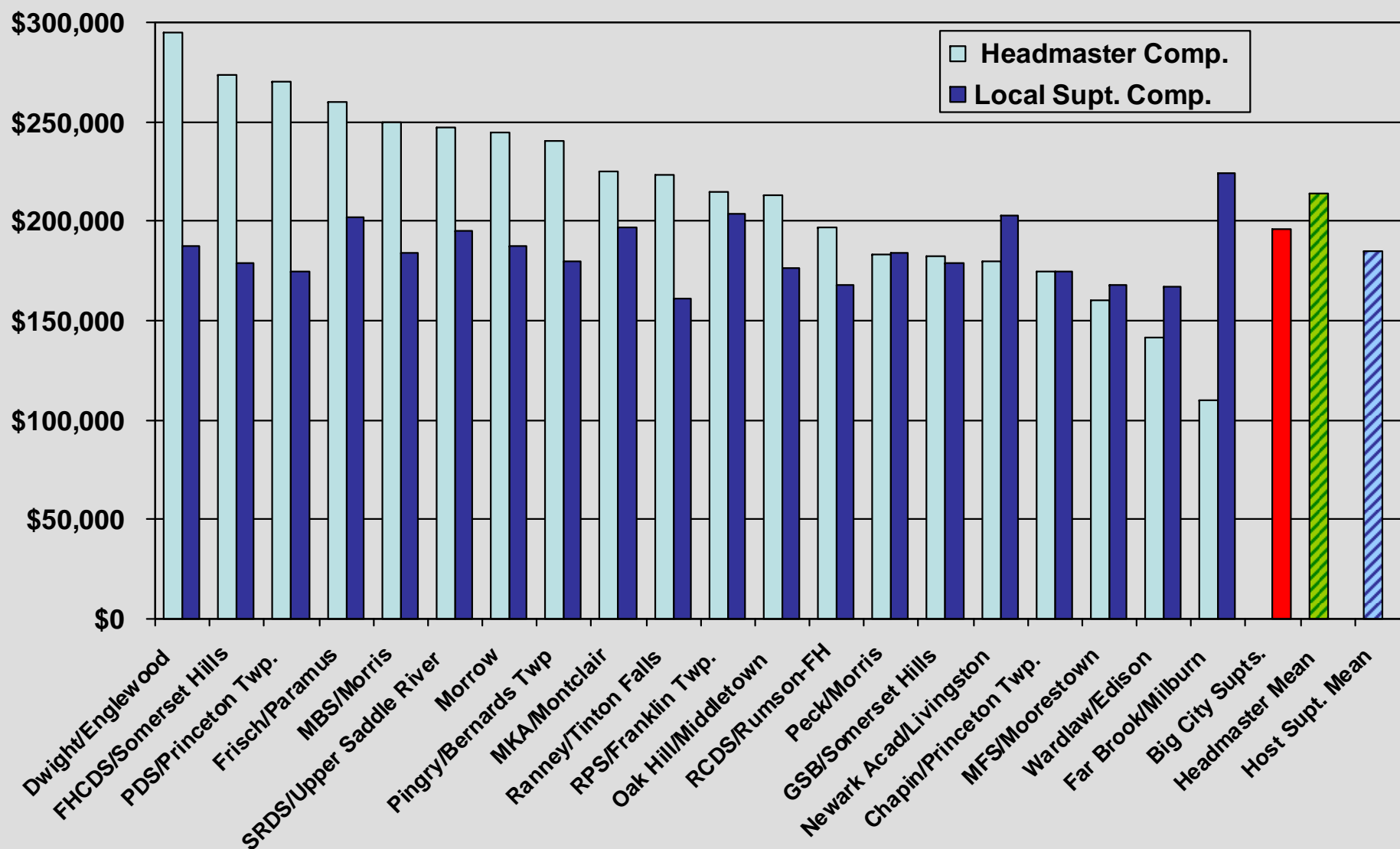
Data source: NJDOE Staffing Files

School Level Administrative Salaries in New Jersey ECWI Adjusted (\$1997 constant)



Data source: NJDOE Staffing Files & NCES State ECWI (<http://nces.ed.gov/edfin/adjustments.asp>) 2006 to 2008 ECWI not available. Assumed at average rate of change from 1997 to 2005.

Executive Compensation in Private and Public Schools in New Jersey (2006-07)



Note: Private school headmaster compensation from Guidestar.org, IRS 990 for 2006. Local Superintendent compensation for district that is geographic home to private school. Supt. Comp based on 2006-07 (1 yr later than Headmaster Comp.). Headmaster and Supt. Comp. include salary and cash-basis benefits (not health-care, retirement contributions, etc.). Big City Supts. Includes Newark, Camden, Jersey City, Paterson and Trenton.

New Jersey Education Spending & New Jersey Education Outcomes

