

## A. General Compensation

What effect does teacher compensation have on retention?

Does evidence suggest that higher salaries reduce teacher attrition?

*No Child Left Behind (NCLB)* aimed to provide every child with access to high-quality teachers. Consequently, many states license teachers based on scholastic achievement, instructional performance, and ability to motivate students. Some local education agencies (LEAs), however, have a difficult time filling their classrooms with teachers that meet the licensing standards. Studies indicate that 50 percent of newly hired teachers leave before their fifth year in the classroom (see Ingersoll and Smith, 2003; Latham and Vogt, 2007). As a result, states and LEAs struggle to ensure that all students have access to high-quality teachers. In addition, they suffer significant financial costs associated with exit interviews, training new hires, and paying substitutes to temporarily fill vacant positions (Ondrich et al., 2008). Since research indicates that teachers respond to increases in their wages relative to the wages in the non-teacher labor market (Guarino et al., 2006), some researchers and policymakers have proposed raising teacher salaries as a means of retaining quality teachers.

According to the National Center for Education Statistics (NCES), the annual attrition rate for teachers in the 2008-09 school year was 15.6 percent. Teacher attrition is often divided into two categories—those who migrate to a new school and those who leave the profession entirely. In 2008-09, 7.6 percent of teachers migrated to a new school, while 8 percent left

the profession entirely (Keigher and Cross, 2010). A great deal of research has attempted to define the reasons for teacher attrition. During the 1990s, many researchers postulated that more teachers were retiring due to the “graying effect”—a term referring to the aging of the teaching population. However, recent research has suggested that retirement plays only a minor role in the teacher attrition problem (Borman and Dowling, 2008; Ingersoll, 2001). Ingersoll (2001) found that almost half of all attrition is the result of teacher migration. Moreover, Ingersoll (2001) found that 60 percent of teachers who left the profession cited low salaries, poor administrative support, low student motivation, and/or a lack of control over schoolwide decisions as their reason for leaving the profession.

Research indicates that salaries may affect a teacher’s decision to migrate to another school (Imazeki, 2005). Lankford, Loeb, and Wyckoff (2002) found that teachers in New York who migrated to another school received, on average, a 14 percent increase in salary. In addition, using data from Wisconsin, Imazeki (2005) found that raising salaries in a specific LEA reduced the number of teachers who migrated out of that district. Similarly, on a national level, Gritz and Theobald (1996) found that novice teachers were less likely to transfer out of an LEA if salaries were high relative to neighboring districts. Though there is evidence that salary

increases, relative to the salaries in neighboring districts, reduce the risk of migration attrition, it also appears that they may concurrently increase the risk of teachers leaving the profession entirely (Imazeki, 2005). Researchers posit that the increased risk of exit attrition occurs because there are no longer opportunities for higher wages within the profession. Thus, teachers who would normally migrate to another district leave for non-teaching positions (Imazeki, 2005; Lankford, Loeb, and Wyckoff, 2002). Imazeki (2005) suggests that it may be best to increase salaries statewide. She contends that uniformly increasing salaries statewide will reduce migration attrition by decreasing the number of vacant positions across the state.

Most of the research on attrition focuses on a teacher's decision to exit the profession. As mentioned earlier, some studies suggest that higher relative salaries reduce the number of teachers who leave the classroom (Ingersoll and Smith, 2003; Steinbrickner, 1998). Murnane and Olsen (1990) found that novice teachers who are paid more relative to their peers in neighboring districts have longer tenures in the classroom. Similarly, Ondrich et al. (2008) found that a 20 percent increase in relative salaries increased the probability that teachers would remain in the classroom for their first 14 years by 4.38 percent and 5.27 percent for men and women, respectively. However, some research suggests that this effect is only significant for elementary school teachers. Podgursky et al. (2004) found that higher salaries did not have an effect on the retention rates of math and science teachers. The authors hypothesize that the rigid salary schedule—which rewards all teachers equally regardless of the scarcity of their skill sets—does not

offset the potential wages that math and science teachers could earn in the non-teacher labor market. Thus, the policy prescription for solving the retention problem is most likely not as simple as spending more money on teacher salaries.

Some researchers contend that salary increases should be targeted toward the most effective teachers. Simply increasing salaries, without targeting specific populations of teachers, may not improve teacher attrition (Gritz and Theobald, 1996). For example, Gritz and Theobald (1996) found that increasing the salaries of certified staff (i.e., special education teachers) and administrators was actually associated with higher rates of exit attrition. In addition, since teacher compensation comprises over 50 percent of most state and district budgets, some researchers contend that the nominal reductions in exit attrition associated with higher salaries may not be worth the additional expense (Borman and Dowling, 2008). Ingersoll (2001) asserts that states and districts may be better served if they direct additional resources into programs that provide support for novice teachers, increase student motivation, and bolster the teachers' role in establishing and implementing schoolwide initiatives. Ingersoll and Smith (2003) found that each of these three factors was just as important as salary considerations in a teacher's decision to exit the profession. Therefore, rather than uniformly increasing salaries, it may be more cost effective to provide targeted salary increases along with additional investments in programs that address the other problems that cause teacher attrition.

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This synthesis of key research studies was written by:

Jackson Miller, Westat

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Center for  
Educator Compensation  
Reform

Allison Henderson, Director

Phone: 888-202-1513

E-mail: [cecr@westat.com](mailto:cecr@westat.com)