

Over the last twenty years, teacher salaries have become a prominent topic in state and national education policy circles. Many contend that an earnings gap between teachers and other college graduates has become substantial and widened over the last few decades (American Council on Education Division of Government and Public Affairs, 1997; Henke, Chen, & Geis, 2000; Olson, 2000). The debate over whether teacher salaries are adequate is certainly open as more research appears from those arguing to increase salaries and those arguing that education money should be spent elsewhere (for a discussion of the adequacy and equity of teacher salaries, see *OEP Policy Brief 3: 2005, The Teacher Salary Debate*).

The purpose of this brief is not to discuss whether teacher salaries are adequate generally, rather this brief responds to two specific questions. First, a straightforward descriptive comparison between the salary of teachers in Arkansas and other states is offered to understand how Arkansas' teachers are being paid in comparison to teachers in neighboring states. This comparison provides a context for the adequacy of teacher salaries in Arkansas. Second, this brief explores the relationship between the highest and lowest paying districts in the state. This comparison provides a context for the equity of teacher salaries in Arkansas. These two questions are explored in an effort to provide information for the Arkansas General Assembly, which has recently opted to raise teacher salaries, yet much discussion surrounded the raise.

THE BACKGROUND

In 2000, the U.S. Department of Education estimated that America would need 33 percent more teachers by 2010, and that nearly 50 percent of all teachers leave the profession within five years due to low salaries and professional dissatisfaction (Goorian, 2000). This report fueled the fear held by many parents, education officials and policymakers

that not enough teachers, much less qualified teachers, were available to teach America's next generation. In response to the growing fear, many states and districts have considered policies to recruit and retain more and more qualified teachers, including moving away from the single salary schedule. Some states, including Arkansas, have provided increased salaries for teachers, hoping that more and more qualified college students would be willing to enter and remain in the profession as the salary increased.

However, several scholars have found that global, or blanket, teacher salary increases are ineffective for attracting and retaining teachers (Ballou & Podgursky, 1997; Hanushek, Kain, & Rivkin, 1999). These researchers maintain that global salary increases do not work as intended because: (1) teachers are motivated more by the intrinsic value of teaching rather than the financial rewards (Public Agenda, 2000); (2) teachers make career decisions based on many factors besides their salary (Hanushek et al., 1999); and (3) the structure of the teaching field has too many caveats (e.g., tenure, seniority-based hiring, and certification requirements) that overshadow the financial incentives (Ballou & Podgursky, 1997; Odden & Kelley, 1997).

While the debate continues on the effect of raising teacher salaries, many policymakers and education officials find themselves losing education funding lawsuits. Arkansas is one such state. The most recent legislation regarding teacher salaries in Arkansas came among a plethora of other education changes passed during the 2003 Legislative Special Session (for a review of other changes from this session, see *OEP Policy Brief 1: 2005, Education Special Session Summary, 2003-04*). The bill affecting teacher salaries (Act 74) required all districts to use the following criteria for minimum salaries for teachers:

- \$27,500 - bachelor's degree, no experience;
- \$31, 625 - master's degree, no experience; and
- Annual incremental pay increases for teaching experience, offered for at least 15 years:
 - \$450 annually for bachelor's level teachers,
 - \$500 annually for master's level teachers.

Further, teachers employed in special settings or working with high-need students receive an annual bonus (Act 77, Act 85, Act 101). Also, forgivable loans are available to college students who pursue a degree in teaching and choose to teach high need students or in a critical subject area, forgiving a portion of the debt for each year of teaching completed (Act 48). Also, teachers received duty-free lunch periods (Act 1881), prep periods (Act 1943), and increased retirement contributions (Act 1968).

Certainly all of these measures directly affect the compensation package available to teachers; however, the discussion over teacher pay is consistently around salaries alone rather than the compensation of teachers. It is important to acknowledge that the legislature has made many changes to make the teaching profession more attractive to college students, and more financially profitable for teachers.

Notwithstanding these changes, the legislature saw the Arkansas Supreme Court re-open the *Lake View* lawsuit in 2005 and subsequently watched as the Special Masters reported that the state had not done enough. One of the most prominent arguments made throughout the lawsuits and, presumably, in schools across Arkansas, is that Arkansas' school teachers are simply underpaid in relation to the rest of the teaching world. We believe this to be an empirical question and took the initiative to compare Arkansas to other states.

THE ADEQUACY OF TEACHER SALARIES: COMPARING ARKANSAS TO OTHER STATES

The average teacher salary in Arkansas is perceived to be among the lowest in the nation; however, when comparing the states, we find that after adjusting for cost-of-living differences, Arkansas ranks within the top half of all states. Further, we find that Arkansas teachers have gained on all other states, particularly the neighboring states (see Table 1). In 2003-04, Arkansas ranked 37th of 50 states and the District of Columbia in terms of average teacher salary; however, after adjusting for cost-of-living differences in Arkansas, we find that Arkansas ranks 25th. Regionally, Arkansas teacher salaries appear to be surpassing border states' teacher salaries. Of the six border states and Arkansas, Arkansas ranked 4th in 1991 and 1997, fifth in 2002, and third in 2004.

Based on the increase in rank of teacher salaries for Arkansas' teachers over the last few years, we further investigated the growth of salaries for Arkansas teachers compared to teachers in other states. We find that Arkansas' teacher salaries have increased dramatically in comparison to teacher salaries in other states. In fact, Arkansas ranked 11th of 51 states in increase in teacher salary over the last decade, and Arkansas ranked 4th of 51 states in increase in teacher salary from 2001-02 to 2003-04.

From our comparisons, we can conclude that historically Arkansas teacher salaries have been in the lower half of all states, ranking often near the bottom of states in previous years. However, over the last few years, we find that teacher salaries in Arkansas have increased dramatically and after adjusting for cost-of-living differences, Arkansas ranks in the top half of states. Basically put, we find arguments contending that Arkansas is losing teachers, specifically good teachers, to border states because the state is underpaying its teachers to be without merit given that after adjusting for cost-of-living differences, Arkansas teachers are paid within \$1,000 of teachers who reside in the two highest paying border states and over \$3,000 more than the average salary of teachers in the other four border states.

Table 1: Average Teacher Salary Comparison between Arkansas and Neighboring States, 1993-94 to 2003-04

State	*Adjusted		*Adjusted		% Change from 01-02 to 03-04	% Change from 93-94 to 03-04	
	Average Salary '93-'94	Average Salary '93-'94	Average Salary '01-'02	Average Salary '03-'04			
Arkansas	\$28,312	\$32,027	\$36,026	\$39,226	\$44,373	+8.9%	+38.5%
Louisiana	\$26,243	\$29,191	\$36,328	\$37,123	\$41,294	+2.2%	+41.5%
Mississippi	\$25,153	\$28,713	\$33,295	\$36,217	\$41,344	+8.8%	+44.0%
Missouri	\$30,324	\$33,693	\$36,053	\$38,247	\$42,497	+6.1%	+26.1%
Oklahoma	\$27,612	\$31,629	\$32,870	\$35,061	\$40,162	+6.7%	+27.0%
Tennessee	\$30,514	\$34,209	\$38,515	\$40,318	\$45,200	+4.7%	+32.1%
Texas	\$30,519	\$34,330	\$39,230	\$40,476	\$45,530	+3.2%	+32.6%
US Average	\$35,813	\$35,813	\$44,367	\$46,597	\$46,597	+5.0%	+30.1%
AR Diff. From US Avg.	-\$7,501	-\$3,786	-\$8,341	-\$7,371	-\$2,224	+3.9%	+8.4%
AR Rank of 51 (high=1)	42	38	45	37	25	4	11

Source: American Federation of Teachers, Survey and Analysis of Teacher Salary Trends, 2002, 2004

* Adjusted Salary data based on Inter-State Cost of Living index calculated by AFT.

THE EQUITY OF TEACHER SALARIES: COMPARING ARKANSAS' DISTRICTS

A second way to examine the question regarding teacher salaries in Arkansas is to examine the difference between the highest and lowest paying districts in the state. In order to compare these two groups of districts, the average teacher salary for districts paying at the 95th percentile and the average teacher salary for districts paying at the 5th percentile were compared (see Table 2). Based on this comparison, we find that the disparity between the highest and lowest paying districts was significant and growing over the last five years. However, we notice that the trend in salary disparity changed dramatically in 2004-05, with the disparity between the highest and lowest paying districts reducing to its lowest margin in the last five years.

In addition to average teacher salary comparisons, we examined the difference in the beginning teacher salary for the 95th percentile of districts and the 5th percentile districts (see Table 3). Based on this comparison, we see that the difference between the highest and lowest paying districts has been cut from 33.7 percent in 2003-04 to 17.8 percent in 2004-05, a near 50 percent reduction in disparity. Also, the reduction in disparity between the highest and lowest paying districts has been due to the gain in the lowest paying districts, which increased from \$22,860 in 2003-04 to \$27,500 in 2004-05, compared to the gain in the highest paying districts, which increased from \$32,408 to \$30,570 in 2003-04 and 2004-05 respectively. The increase in the lowest paying districts seems directly related to the passage of Act 74 of the 2003 Special Session, which created a minimum salary for beginning teachers across the state.

Table 2: Average Arkansas Teacher Salary Comparison, 2000-01 to 2004-05

Year	Average of Highest 5% Paying Districts	Average of Lowest 5% Paying Districts	Actual Difference between Highest 5% – Lowest 5% Paying Districts	Percent Difference between Highest 5%– Lowest 5% Paying Districts
2004-05	\$45,340	\$33,289	\$12,051	36.2%
2003-04	\$41,812	\$28,135	\$13,677	48.6%
2002-03	\$40,604	\$28,911	\$11,693	40.4%
2001-02	\$38,544	\$28,105	\$10,439	37.1%
2000-01	\$37,137	\$26,740	\$10,397	38.9%

CONCLUSIONS

Based on our assessments, we find that since the 2003 Special Session, the salary for teachers in Arkansas compares well to the salary of teachers in other states. For 2004-05, we adjusted teacher salaries for cost-of-living differences and found that teacher salaries in Arkansas rank in the top half of all states, which is a vast improvement over previous comparisons. Additionally, the difference between the highest and lowest spending districts in the state has reduced dramatically since the Special Session changes, where the average teacher salary disparity reduced by 25 percent and the beginning teacher salary disparity reduced by nearly 50 percent.

Concerns over general increases to teacher pay in Arkansas may be overstating an issue that the legislature seems to be addressing. On April 11, 2006, the legislature voted to continue increasing all teacher salaries. In 2006-07, the minimum salary will be increased by 1.6 percent to \$27,940 and in 2007-08, salaries will increase another 2.4 percent to \$28,611. The state seems to be addressing the discussion about whether teacher salaries in Arkansas are adequate; however, we realize from the extant literature on teacher salaries that general increases are usually not associated with student achievement improvement. The next two years will indicate whether Arkansas will be able to change the trend, and find a way to link the increases in teacher salaries with increases in student achievement levels.

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