Improving Educator Workforce Funding Models: Compensation

Educators are critical in student success. However, since 2020, educators in the United States have left or intend to leave their positions at higher rates.[1,2] The result, when paired with a dwindling recruitment pipeline,[3] is a significant shortage of highly qualified educators across the country.

The Center on Strengthening and Supporting the Educator Workforce (SSEW) addresses this shortage by increasing the replication and scaling of evidence-based practices. This series of briefs explores high-leverage solutions to improve the recruitment, preparation, and retention of educators.

The Need

Teachers across the United States remain chronically underpaid. Starting salaries are low, raises are often below the rate of inflation, and disparities across states fail to match the profession's societal value. When accounting for inflation, on average, teachers today are earning 5% less than they did a decade ago.[4]

Low salaries undermine teacher morale and contribute to high turnover. Although it rarely appears as a teachers' first stated reason for leaving, inadequate compensation often accompanies broader issues such as poor working conditions and limited career incentives, making it a root cause of turnover.[5] Increasing compensation, particularly through adjusted salary schedules and additional pay for teachers in hard-to-staff areas, can improve teacher job satisfaction and retention.

Evidence-Based Solutions

Increasing teacher compensation is a high-leverage approach for addressing educator workforce shortages. Even modest pay increases significantly reduce turnover, especially among early career teachers, and can attract stronger candidates to high-need schools.[6] Strategic salary schedules and subject-specific incentives help align teacher supply with district workforce needs, whereas performance-based pay shows mixed results and requires transparent implementation with attention to student outcomes among all groups.

Implementing compensation models can involve challenges, including budget constraints, union negotiations, and sustaining funding over time. Effective compensation reforms should pair pay increases with supportive policies to ensure long-term retention and workforce stability. Compensation reforms could include raising base salaries, redesigning salary schedules, or implementing targeted incentives.

Local and Recurring Revenue Mechanisms for Increasing Teacher Base Pay

Districts and local governments have explored multiple strategies for stabilizing and increasing teacher salaries, including local sales or property tax levies, dedicated education bonds, or agreements that index teacher pay to municipal or county revenue growth. State-level school finance reforms show that equitable funding formulas can narrow pay disparities and improve teacher retention across districts.[7]

Some communities have sustained compensation improvements through recurring local revenue sources,[8,9] but rigorous evaluation of long-term effects is limited. These mechanisms can produce stable, system-wide salary gains when local governments, school boards, and voters align around the shared value of competitive teacher pay—but they require careful fiscal design, transparency, and political durability to avoid short-term or inequitable outcomes.

State-Level Compensation Systems: Sustainability, Support, and Implementation

At the state level, the most sustainable teacher compensation systems combine recurring, formula-based funding with structured career advancement opportunities and broad political support. Hawai'i has significantly reduced shortages of special education teachers by providing staff with $10,000 bonuses.[10] In Texas, the combination of the Teacher Incentive Allotment (TIA)[11] and newly enacted Teacher Retention Allotment (TRA)[12] create pathways to both performance-based and experience-based pay. Maryland's Blueprint for the Future[13] establishes a $60,000 minimum starting salary and career-ladder system tied to professional growth and teacher leadership roles.

States such as New Mexico[14] and Washington[15] have enacted significant pay gains by raising state-funding salary floors, and Arizona's Proposition 301[16] provides an example of voter-approved, dedicated tax revenue for recurring compensation. Finally, Tennessee's differentiated pay framework[17] empowers districts to target funding toward high-need roles while maintaining pay equity and transparency. Collectively these state-level practices demonstrate that funding sustainability depends less on one-time raises and more on institutionalized funding formulas, ongoing political support, and clear alignment between compensation structures and broader policies.

Recommendations

States and districts can take the following actions to implement compensation reform as a strategy for teacher recruitment and retention.

» **Raise base salaries for teachers.** Even a 1% increase in teacher pay can reduce teacher turnover, particularly among early career teachers.[18] Increased teacher pay is also associated with improved student outcomes.[19]

» **Adjust teacher salary schedules.** Flattening pay schedules with additional opportunities for progression can act as an incentive to attract teachers from outside the district and help retain them.[20]

» **Provide bonuses or increased pay for in-demand credentials (e.g., National Board Certification), skills (e.g., bilingualism), or hard-to-staff content areas (e.g., math, science, or special education).** Student loan forgiveness and bonuses for teachers in hard-to-staff areas have been shown to reduce teacher attrition in these areas.[10]

» **Compensate teachers who take on leadership roles,** such as mentors, coaches, or lead teachers. This may be in alignment with strategic staffing approaches.

» **Link teacher pay progression and/or bonuses to performance evaluations,** which might draw on combinations of classroom observation, student growth, and contribution to school outcomes.

» **Offer paid clinical experiences** through formal training programs, such as apprenticeships or residencies, to reduce the financial burden of tuition and lost wages.

» **Explore local and recurring revenue strategie**s—such as tax levies, education bonds, and indexing teacher pay to local revenue growth—as a means to raise and stabilize teachers' base salaries.

» **Sustain state-level teacher compensation systems** by combining recurring formula-based funding with career advancement opportunities.

Resources

The resources below provide additional information on teacher compensation strategies.

ARTICLE 💬

Smarter pay strategies that shrink special education, English learner, and STEM shortages ⧉

This article from the National Council on Teacher Quality provides strategies and examples of how districts are overcoming workforce shortages in critical areas.

REPORT 📄

2025 Reports: Educator Pay in America ⧉

This report from the National Education Association reviews 2025 teacher salary data, education support professionals' pay, and student spending by state.

BRIEF 📋

Understanding Teacher Compensation: A State-by-State Analysis ⧉

This brief from the Learning Policy Institute provides a detailed comparison between states on annual starting salary, salary adjusted for cost of living, competitiveness, and compensation indicators.

REPORT 📄

Designing a Strategic Compensation Model ⧉

This report from Education Resource Strategies describes strategies and considerations for improving teacher compensation for retention purposes.

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