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TeachMichigan Fellows' Compensation in Context: Perceptions and Insights

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Compensation and TeachMichigan

A key goal of the TeachMichigan program is to increase retention of high-impact educators in poverty-dense schools. One means TeachMichigan uses to accomplish this is by increasing compensation for high-impact educators. TeachMichigan does so by providing stipends totaling \$35,000 paid over the course of three years: \$10,000 in each of the first two years followed by \$15,000 in the third year. Since teacher quality is the most important school-based factor in terms of predicting student outcomes (Chetty et al., 2014), increased retention of high-impact educators is likely to in turn improve student outcomes. While it is too early to measure whether stipends have an impact on the retention of fellows, it is possible to examine how fellows are compensated by their districts, how TeachMichigan stipends compare to fellows' regular compensation, and fellows' perceptions of their compensation, all of which may shape fellows' perceptions of the fellowship itself as well as their career intentions. In the sections below we review how teachers are compensated across the districts that have partnered with TeachMichigan, analyze how fellows view their compensation, and evaluate how the stipends provided by TeachMichigan impact fellows' lives.

TEACHMICHIGAN FELLOWS' COMPENSATION IN CONTEXT

In this section we examine how TeachMichigan fellows are compensated relative to other educators in the state and relative to other nearby districts. To do this, we draw on publicly available data about teacher compensation at the state and district levels. Because charter schools, called public school academies in Michigan¹, do not have the same reporting requirements as traditional public schools, data are not available for this group and so we focus on the eight traditional public school districts that have partnered with TeachMichigan. Collectively, these districts account for approximately two-thirds of all TeachMichigan fellows.

To examine teacher compensation in these districts, we draw on several sources of data. Bulletin 1014 is a dataset compiled by the Michigan Department of Education on an annual basis to track district-level revenues and expenditures. From this source we

retrieve average teacher salaries by district as well as the state overall for the 2022-2023 school year, which is the most recent year of data available. The 2022-2023 school year also corresponds to when the majority of current fellows applied to TeachMichigan. We argue that average salaries are a useful estimate for mid-career teachers, who make up a significant portion of educators in the National Board (NBC) and Aspiring Leader (AL) cohorts of TeachMichigan. However, average salaries do not represent the compensation of educators in TeachMichigan's Early Career Educator (ECE) cohort who are in the first few years of their career. To obtain beginning or minimum teacher salaries, we reviewed the collective bargaining agreement and/or salary schedule for the 2023-2024 school year in each of the eight traditional public school districts that have partnered with TeachMichigan. If the 2023-2024 salary schedule was not available, we use the most recent salary schedule. From these documents we extracted the minimum salary a teacher could earn by identifying the salary associated with the lowest step (step 0 or 1) of the lowest lane or tier in the salary schedule, which in most cases corresponds to the salary for a new teacher with a bachelor's degree. We obtain the average starting Michigan teacher's salary from the National Education Association's salary benchmark data for 2022-2023, which includes state-level data on teacher compensation.

TeachMichigan works with districts across the state, which may have differences in their cost of living, meaning that a given salary will enable a higher, or lower, standard of living in some districts relative to others. To consider differences in the cost of living across districts, we use district-level estimates from the Comparable Wage Index for Teachers (CWIFT) from 2021, the most recent year available. The CWIFT is calculated by the National Center for Educational Statistics to measure differences in the cost of living across locales.

Table 1 shows teacher salaries and the cost of living across the traditional public school districts that currently partner with TeachMichigan along with how their average salary compares to other districts in the same ISD/RESA². Table 1 shows that the minimum salary across TeachMichigan districts ranges from \$34,285 in Sault Ste. Marie to \$46,000 in Kentwood. Most districts, five out of eight, have a minimum teacher salary that is higher than the statewide average of \$40,302 while three have a minimum salary that is lower than the statewide average. Average teacher salaries, shown in Column 2, range from \$52,533 in Sault Ste Marie to \$73,211 in Detroit Public Schools Community District (DPSCD). Further, just two TeachMichigan districts have an average teacher's salary that exceeds the state average. This shows that teachers in TeachMichigan districts tend to earn more than the state average early in their careers but overall earn less than the state average.

Table 1. Teacher Salaries Across TeachMichigan Partner Districts											
	Minimum Salary ¹ (1)	Average Salary³ (2)	Cost of Living Index ⁴ (3)	Average Salary Rank Within ISD ³ (4)	Average Salary Percentile Within ISD ³ (5)						
Benzie Central Schools	\$37,877	\$65,295	83.2%	7/17	59 th						
Detroit Public Schools Community District	\$38,500 ⁵	\$73,211	104.3%	24/35	31 st						
Grand Rapids Public Schools	\$44,252	\$62,868	100.3%	18/22	18 th						
Kentwood Public Schools	\$46,000	\$66,156	100.3%	13/22	41 st						
Lansing Public Schools	\$40,907	\$57,422	100.1%	8/12	33 rd						
Saginaw Public Schools	\$45,000	\$60,660	91.3%	7/12	42 nd						
Sault Ste. Marie Public Schools	\$34,285	\$52,533	89.0%	11/15	27 th						
Traverse City Area Public Schools	\$44,090	\$69,661	93.7%	3/17	82 nd						
State of Michigan	\$40,302 ²	\$67,012	100%	n/a	n/a						

¹ Source: district salary schedules and/or collective bargaining agreements for 2023-2024 or the most recent year available.

There is significant variation across TeachMichigan districts in terms of both minimum salaries (range of nearly \$12,000) and average salaries (range of over \$20,000). This suggests that teachers in some TeachMichigan districts enjoy a significantly higher standard of living. To better understand this, Column 3 shows the cost of living in each district as a percentage of the cost of living statewide. Here, 100% means that a

² Source: National Education Association Teacher Salary Benchmarks, 2022-2023.

³ Source: Bulletin 1014, 2022-2023.

⁴ Source: National Center for Education Statistics Comparable Wage Index for Teachers (CWIFT), 2021. The index present here was calculated by dividing the LEA index by the state index and converted to a percentage to create a measure of the cost of living in each district relative to the cost of living in Michigan.

⁵ DPSCD's collective bargaining agreement specified that in certain years fully certified teachers would be hired at step 11, which corresponds to a salary of \$51,071, though some teachers could still be placed at the minimum salary depending on their qualifications.

district's cost of living is equal to the state average while a value over 100% means that the cost of living is higher than the state average and a value less than 100% means that the cost of living is lower than the state average. For instance, the cost of living in the area served by Benzie Central Schools is 83.2% of Michigan's average cost of living, or alternatively that the cost of living there is 16.8% lower than in Michigan overall. This means that salaries there afford a higher standard of living than they would in many other parts of the state. At the same time, DPSCD has a higher than average cost of living, 104.3% of the state average, meaning that salaries there afford a lower standard of living than they would in many other parts of the state. In analyses not shown here, we find that adjusting teacher salaries for the cost of living across districts does not change the range of either minimum or average teacher salaries across TeachMichigan districts. However, the cost of living index provides important context about the standard of living teachers in each district are able to afford.

We next place salaries in the context of each district's local labor market for teachers by comparing how their average teacher salary compares with the other districts in the same ISD. Column 4 of Table 1 shows the rank of each district's average salary among all districts in the same ISD along with the number of districts in their ISD. Column 5 converts that to a percentile, which refers to the percent of districts in the same ISD with a lower average salary. For instance, while DPSCD has the highest average salary among all TeachMichigan districts, the average salary there ranks 24th out of 35 districts in the same ISD, meaning that DPSCD has a higher average salary than 31% of nearby districts. This means that DPSCD is likely at a competitive disadvantage in hiring teachers relative to nearby districts and that current teachers in DPSCD may be lured away by higher salaries elsewhere. Looking across TeachMichigan districts, the average within-ISD percentile rank for average teacher salaries among TeachMichigan districts is 42, and only 2 districts have an average teacher salary that is in the top half of their ISD.

As a group, TeachMichigan districts have minimum salaries that generally resemble the state as a whole but average salaries that are both lower than the state average and lower than those found in most nearby districts. This means that experienced teachers in TeachMichigan districts may be drawn to nearby districts by higher salaries.

Table 2. TeachMichigan Stipends as a Percentage of Salary											
	New Te	acher S	alaries	Average Teacher Salaries							
0	First and Second Stipends as a % of Salary ¹ (1)		Total Stipend as a % of 3- year Salary ¹ (3)	First and Second Stipends as a % of Salary ³ (4)	Final Stipend as a % of Salary ³ (5)			Average Salary Percentile Within ISD Including TeachMichigan Stipend (8)			
Benzie Central Schools	26.4%	39.6%	30.8%	15.3%	23.0%	17.9%	2/17	88 th			
Detroit Public Schools Community District	26.0%	39.0%	30.3%	13.7%	20.5%	15.9%	6/35	83 rd			
Grand Rapids Public Schools	22.6%	33.9%	26.4%	15.9%	23.9%	18.6%	4/22	82 nd			
Kentwood Public Schools	21.7%	32.6%	25.4%	15.1%	22.7%	17.6%	3/22	86 th			
Lansing Public Schools	24.4%	36.7%	28.5%	17.4%	26.1%	20.3%	1/12	92 nd			
Saginaw Public Schools	22.2%	33.3%	25.9%	16.5%	24.7%	19.2%	1/12	92 nd			
Sault Ste. Marie Public Schools	29.2%	43.8%	34.0%	19.0%	28.6%	22.2%	4/15	73 rd			
Traverse City Area Public Schools	22.7%	34.0%	26.5%	14.4%	21.5%	16.7%	1/17	94 th			
State of Michigan	24.8% ²	37.2% ²	28.9% ²	14.9%	22.4%	17.4%	n/a	n/a			

¹ Source: district salary schedules and/or collective bargaining agreements.

² Source: National Education Association Teacher Salary Benchmarks.

³ Source: Bulletin 1014.

Next, we examine how TeachMichigan stipends impact educator compensation. TeachMichigan fellows receive a total stipend of \$35,000 over the course of three years: \$10,000 in each of the first two years followed by \$15,000 at the end of their third year. Table 2 shows how these stipends impact compensation for new and midcareer teachers. Columns 1-3 indicate the size of the annual stipend provided to fellows during the first two years of fellowship as a percentage of the minimum teacher's salary, the size of the annual stipend during the third year of fellowship as a percentage of the minimum teacher's salary, and the size of the total stipend over three years as a percentage of the minimum teacher's salary multiplied by three. Columns 4-6 repeat this, but for the average teacher's salary. Columns 7-8 show how the average stipend paid over three years (\$11,667) impacts the ranking of each district's average salary relative to other districts in the same ISD.

Looking at Column 1 of Table 2 shows that in the first 2 years of fellowship, the TeachMichigan stipend represents 21.7% to 29.2% of the minimum teacher's salary across districts. Assuming ECE fellows earn a salary close to their district's minimum, the TeachMichigan stipend represents an annual salary increase for ECE fellows of approximately 25% across all districts. The size of TeachMichigan stipends relative to minimum salaries increases in the third year of fellowship to between 32.6% and 43.8% of the minimum salary, shown in Column 2. Across all three years of fellowship, stipends increase ECE fellows' total compensation by between one-fourth and one-third, shown in Column 3. This represents a sizable increase in salary for TeachMichigan fellows in the early stage of their career.

TeachMichigan stipends represent a smaller, though still meaningful, increase in compensation for mid-career fellows whose salary is at or near their district's average. Column 4 of Table 2 shows that the \$10,000 stipend in each of the first two years of fellowship represents an increase of 13.7% to 19% of the average teacher's salary. Column 5 shows that the \$15,000 stipend in the third year of fellowship ranges from 20.5% in the Detroit Public Schools Community District to 28.6% in Sault Ste. Marie. Over a three-year period, the TeachMichigan stipend is equivalent to a raise of 15.9% to 22.2% of the average teacher's salary in TeachMichigan districts. This shows that TeachMichigan's stipends meaningfully increase fellows' compensation for the duration of their fellowship.

Columns 7-8 shows how the addition of TeachMichigan stipends changes teacher compensation in TeachMichigan districts relative to other districts in their ISD. To do this, we added the average TeachMichigan stipend over three years (\$11,667) to the average teacher's salary in TeachMichigan districts and re-ranked them within their ISD. Column 7 shows each district's ranking along with the number of districts in the same ISD and Column 8 converts that to the percentage of other districts in the same ISD with a lower average salary. This provides insight into whether TeachMichigan

fellows may have an incentive to leave for other districts after considering the stipends they receive as fellows.

After factoring in TeachMichigan stipends, the average salary within TeachMichigan districts ranks is much more competitive with nearby districts. On the low end, stipends increase average salaries in Sault Ste Marie to 4th out of 15 districts in their ISD, meaning fellows' salaries are higher there than in 73% of other districts in the same ISD. This is a significant increase over average salaries without TeachMichigan stipends, a measure on which Sault Ste. Marie ranks 11/15 in their ISD (see Column 5 of Table 1). In three TeachMichigan districts: Traverse City Area Public Schools, Lansing Public Schools, Saginaw Public Schools, including TeachMichigan's stipends increases their average teacher salary to the highest in their ISD. Across all TeachMichigan districts, stipends increase the average teacher's salary to about the 86th percentile, meaning that fellows have a much weaker incentive to leave their district for another in their area. At the same time, however, it would require even larger salary stipends in most districts to bring TeachMichigan fellows' compensation in line with the highest-paying districts in their ISD.

TeachMichigan districts, overall, have higher starting salaries than the statewide average, but have average salaries that are below both the state average and most other districts in their ISD. The stipends provided through TeachMichigan significantly increase teacher salaries, making fellows among the highest-paid teachers in their ISD. This greatly reduces fellows' incentive to leave for another district, which in turn has important implications for TeachMichigan's aim of reducing teacher turnover. To examine what fellows think of their increased compensation, in the next section we draw on data from a survey of fellows that measures perceptions of their compensation and how they intend to use their stipends.

FELLOWS' PERCEPTIONS OF THEIR COMPENSATION

Teachers rate pay as among the most important factors in choosing where to work (Johnston, 2020; Viano et al., 2021) and in deciding whether to leave the teaching profession (Lindsay et al., 2020). It is thus important to understand how fellows view their compensation and how the additional compensation they receive through TeachMichigan shapes those perceptions. To measure these perceptions, we use a survey that was administered to all TeachMichigan fellows in fall 2023. This survey received a total of 221 responses (response rate 95%) from fellows across all four cohorts: Sitting Leader Fellows (SLs), Aspiring Leader Fellows (ALs), National Board Certification Fellows (NBCs), and Early Career Educator Fellows (ECEs). Here, we draw on responses from two sets of items in this survey: one set of items that asked fellows about their level of satisfaction with and without the TeachMichigan stipend, and one

set of items that asked fellows how they intended to use their stipend. In addition, we build upon survey responses by drawing from interview data of 43 fellows across 9 participating school systems collected in spring 2024. We sampled fellows from different cohorts within each district. In all, we interviewed 15 ECE fellows, 15 NBC fellows, and 8 AL fellows.

Satisfaction With Compensation

To understand fellows' level of satisfaction with their compensation, our survey asked their level of agreement with the statements "I am satisfied with the pay I receive from my district or charter network (i.e., regular salary plus any school or district stipends/wages)" and "I am satisfied with my total pay (i.e., regular salary plus school or district stipends/wages and TeachMichigan stipend)" using a 6-point scale that ranged from "Strongly Disagree" to "Strongly Agree." As shown in Figure 1, across all cohorts, fellows reported that they, on average, "Somewhat Disagreed" that they are satisfied with their regular salary but that they "Somewhat Agreed" that they are satisfied with their total pay including their TeachMichigan stipend, a difference of nearly a full scale point. Fellows' higher satisfaction with their salaries including the TeachMichigan stipend likely reflects the size of the stipend.

Even though the TeachMichigan stipend is quite large, fellows' survey responses still indicate only being somewhat satisfied with their total compensation. Some interviewees explained that the TeachMichigan stipend helped ease financial concerns but not solve them. An ECE fellow noted, "The \$5,000 that I got at the beginning of the year...helped me worry a little bit less about money." indicating that money was still a concern but not to the same degree as without the TeachMichigan stipend. Another ECE fellow noted "If I need to make a student loan payment or whatever, car payment or something like that [the TeachMichigan stipend] can take the pressure off so that I can come in [to school] and I'm not feeling weighed down by those other financial aspects of life." The fact that fellows report being somewhat satisfied with their total compensation even when including the TeachMichigan stipend may reflect that teachers in Michigan earn more than 20% less than other professionals with similar levels of education and experience (Allegretto, 2023) and/or that even including TeachMichigan's stipends there are often other nearby districts with even higher salaries.

Survey responses reveal important variation in how fellows from different cohorts perceive their compensation with and without their TeachMichigan stipend. As figure 1 shows, SL fellows are much more satisfied with their salary, with an average response that is just below "Somewhat Agree" whereas fellows in the other cohorts have average responses close to "Somewhat Disagree." This difference is likely because as current education leaders, SLs' base salaries are higher than salaries of other fellows who are in teaching positions.

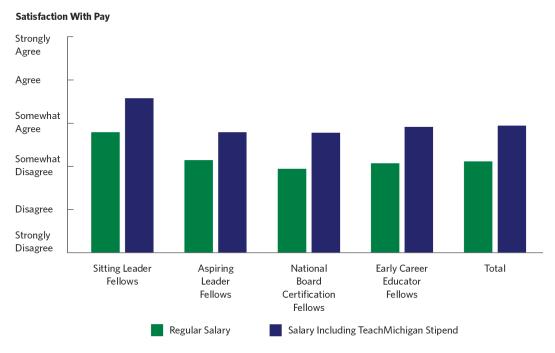


Figure 1. Fellow Satisfaction With Their Compensation

Two important patterns emerge here. First, looking at fellows' satisfaction with their regular salary, similar survey responses are evident across the ECE, NBC, and AL cohorts even though there are likely significant differences in salaries between these groups of educators. Early career educator fellows likely receive a salary similar to their district's minimum being that they are by definition in their first few years as teachers. Aspiring leader and NBC fellows, on the other hand, likely receive a salary similar to their district's average, which is often \$20,000 to \$30,000 more than the minimum salary. Similar levels of satisfaction may reflect differences in what teachers expect to earn at different stages of their career or differences in the information educators use to evaluate their salary. Second, the difference in fellows' satisfaction with their salaries with and without the TeachMichigan stipend is similar across cohorts even though the size of the stipend relative to educators' base compensation varies considerably across minimum and average teacher salaries as well as administrator salaries. This suggests that fellows may value their stipend as a form of recognition over and above the monetary value of the stipend itself.

Overall, TeachMichigan fellows are generally dissatisfied with their regular salaries. Predictably, the stipends provided by TeachMichigan meaningfully increase fellows' satisfaction with their salary, though most fellows are still not very satisfied with their compensation. In the next section, we examine how fellows plan to use their stipend.

Fellows' Planned Use for Their Stipend

As part of our survey, we asked fellows what they planned to do with their TeachMichigan stipend. We presented five different categories of expenses: living expenses (e.g., housing, food, bills), paying down debt (e.g., loans, credit cards), enhancing quality of life (e.g., travel, entertainment, new purchases), savings, and continuing education or professional development. We also allowed fellows to select "Other" and then write out how they intended to use their stipend. In Figure 2 we present the percentage of fellows from each cohort who selected each category of expense. Fellows were allowed to select more than one intended use for their stipend, so percentages will sum to greater than 100%.

Across all cohorts, fellows tended to more frequently report that they would use their stipend for certain kinds of expenses. For instance, paying down debt, living expenses, and savings were the most frequently selected options for fellows from all four cohorts, and for ECEs, NBCs, and ALs they also fall in the same order. Among ECEs, NBCs, and ALs, 63%-67% of fellows reported that they would use their stipend to pay down debt. During interviews, fellows discussed using stipends to repay student loans, make car payments, and get caught up on bills.

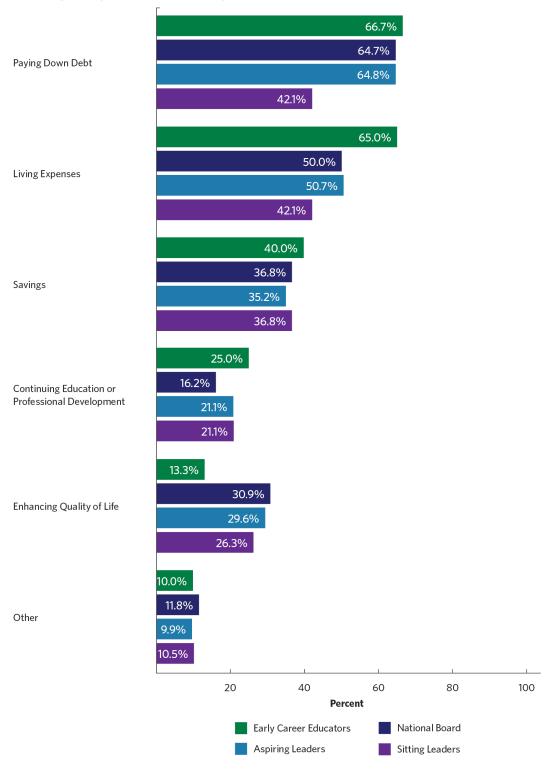
Looking at whether fellows reported they would use their stipend to cover living expenses, roughly 50% of ALs and NBCs reported on the survey that their stipend would be used for this purpose while two-thirds of ECE fellows reported the same. Fellows interviewed noted using their stipend for living expenses such as daycare, routine bills, and basic expenses. Several ECE fellows noted they were using stipends to pay for housing costs.

When surveyed, fellows from all four cohorts reported that they planned to save at least a portion of their stipend at a similar rate, 35%-40%. Several fellows noted the need to save to be able to afford better housing in the future, particularly as their families grow. One NBC fellow noted wanting to "add onto our house. We have two kids in 800 square feet." An ECE fellow explained, "Laying down roots, that's a very challenging reality right now...The financial compensation is for plans that we have for the future."

Fellows were less likely to report using their stipend to enhance their quality of life. When surveyed, only 25% of fellows planned to use their stipend for this purpose. It is important to note that ECE fellows were much less likely than fellows in any other cohort to report that they planned to use their stipend to enhance their quality of life (15% vs 26%-31%). Interestingly, when ECE fellows described using their stipend to enhance quality of life during interviews, they link this to wellness and mental health. One ECE fellow noted "I can use that money to be able to get some RR or do something to kind of take the edge off of some of the financial problems." Another ECE fellow explained "The best thing I can do for my mental health and relax is travel. And so that costs money.... Now I have that cushion so that when I feel like I really need to just get away, it's not an issue. I don't have to save for it...The money's there."

Figure 2. Fellows' Planned Use of Their Stipend

What do fellows plan to do with their stipend?



Connecting Compensation Across TeachMichigan Districts With Fellows' Perceptions of Their Compensation

These patterns on fellows' perceptions of their compensation provide several insights into fellows' financial position and how it is impacted by the addition of their TeachMichigan stipend. First, in no cohort did a majority of fellows report that they would use their stipend for what one might consider discretionary expenses. No more than 40% of fellows from any cohort reported that they would save at least a portion of their stipend and less than 31% indicated that they would use their stipend to enhance their quality of life through travel, entertainment, or new purchases. Rather, fellows were much more likely to report that they plan to use their stipend to cover basic expenses such as housing, food, loans, and bills. This likely reflects the above finding that fellows, especially those in the ECE, NBC, and AL cohorts, have lower salaries than other educators in their ISD. This also has implications for the retention of fellows. Stipends make fellows' salaries much more competitive with nearby districts and also bring salaries more in line with other college-educated professionals (Allegretto, 2023). However, once fellows no longer receive a stipend, retention may fall as higher salaries could draw them to other districts or employment sectors.

A second insight is that TeachMichigan's stipends may be more meaningful for ECEs as stipends represent a larger share of their salary (see Table 2) and these fellows are more likely to use their stipend to cover basic expenses. As a result, stipends may promote greater retention among ECE fellows, at least in the short term.

Lastly, SLs appear to use their stipend in different ways than other fellows as no category of expenses was selected by more than 42% of them. This may mean that stipends have less of an impact on SLs, though this is unclear as these data do not reveal how fellows planned to spread their stipend out across categories.

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END NOTES

¹ In Michigan, public school academies are publicly funded schools that operate independent of a traditional school district, often referred to as charter schools. We refer to these schools as "charter schools" as that is the more commonly used term.

 $^{^2}$ Intermediate school district/regional educational service agency. Hereafter, all references will only mention ISD as this is the more common term used by policymakers.