



Texas Classroom  
Teachers Association

PO Box 1489 | Austin, Texas 78767 | [tcta.org](http://tcta.org)  
888-879-8282 | 512-477-9415 | Fax: 512-469-9527

## **Testimony of Holly Eaton, Texas Classroom Teachers Association to the Senate Finance Committee May 4, 2022**

### **INTERIM CHARGE**

*Inflation: Review and report on the effect inflation is having on the business community and state government, including state salaries, retiree benefits, the state economy, and cost of state services.*

### **RECOMMENDATIONS**

Addressing the adverse impact of inflation on teachers and the teacher shortage in Texas necessitates improving the professional compensation package, monitoring take-home pay, and making sure that health insurance premiums and retirement contributions are affordable and still leave teachers with a net wage that reflects their effect on students, the community and economy.

- Teacher pay increases - TCTA requests the committee consider increased funding to districts that is dedicated to salary increases for teachers and other non-administrative education professionals that at least meets the national average and accounts for inflation in future years.
- Health insurance funding - TCTA requests that the committee consider a more permanent solution to rising health care costs to teachers by considerably increasing the \$75 state contribution and indexing it to inflation in future years.
- Retiree cost-of-living adjustment - TCTA requests the committee provide a COLA to retired educators through the TRS pension fund and/or state funding of the benefit.

Most Texans truly want the establishment and maintenance of a high-quality public education system that relies on high-quality teachers, and we ask you to commit to working with us to achieve that objective.

## COMMENTS

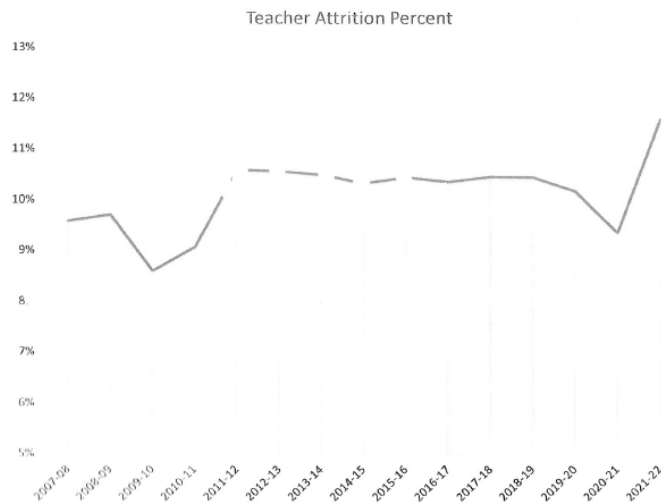
TCTA appreciates the opportunity to provide testimony on the interim charge for this committee relating to the effect inflation is having on teachers across the state of Texas.

The current national average in annual expenses per consumer unit when accounting for inflation is \$68,317 (U.S. Bureau of Labor Statistics). Drastic increases in cost-of-living expenses - housing, food, transportation, childcare, health care, and other necessities - is causing additional strain on Texas teachers striving to earn a living on an average base pay of \$58,887. Teacher stress is not only linked to teaching performance and student academic outcomes, but also causes teachers to leave their profession, which creates instability among staff, students, and the community (The Pennsylvania State University and Robert Woods Foundation 2017).

Disillusioned and exhausted teachers in the state are currently leaving the profession at a rate not seen since the great recession, and schools face staffing shortages. TEA has recorded a 60% increase in teacher contract abandonment reports over the 2021 fiscal year.



**COVID has caused a significant disruption in teacher attrition, not seen since the great recession**



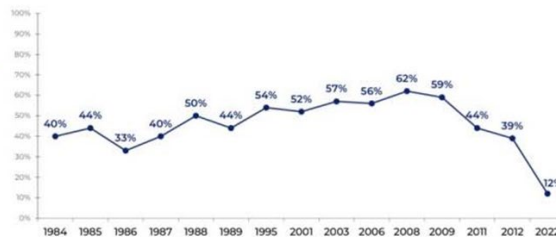
Teacher dissatisfaction is at an all-time high. In a 2021 RAND survey, 66% of teachers said they had seriously considered leaving their jobs in the past year; and among teachers planning to leave, 64% said their pay was not sufficient, making low teacher pay the #1 reason for staff departures. In 2022, the Merrimack College Teacher Survey found 74% of teachers do not think their salary is fair for the work that they do and more than half of teachers said they likely wouldn't advise their younger self to pursue a career in teaching. The low satisfaction levels of teachers already in the classroom may

impact the pipeline of future teachers. Enrollment in teacher preparation programs has declined by about a third over the past decade, and experts say that is likely in part due to the perception of teaching as a low-paid, thankless career (The American Association of Colleges for Teacher Education 2022). According to an ACT survey, the top reasons high school and college students say they want to become teachers – but don't – are low pay and a lack of career advancement.

## Declining Teacher Satisfaction

- 12% of teachers are very satisfied with their jobs (the lowest level since the mid-1980s).
- 74% of teachers do not think their salary is fair for the work that they do.

Percentage of K-12 teachers who say they are 'very satisfied' with their jobs



\*The 2022 results are from the Merrimack College Teacher Survey.  
The 1984-2012 results are from the MetLife Survey of the American Teacher.

Source: Merrimack College, 2022



THE TEACHER SALARY PROJECT



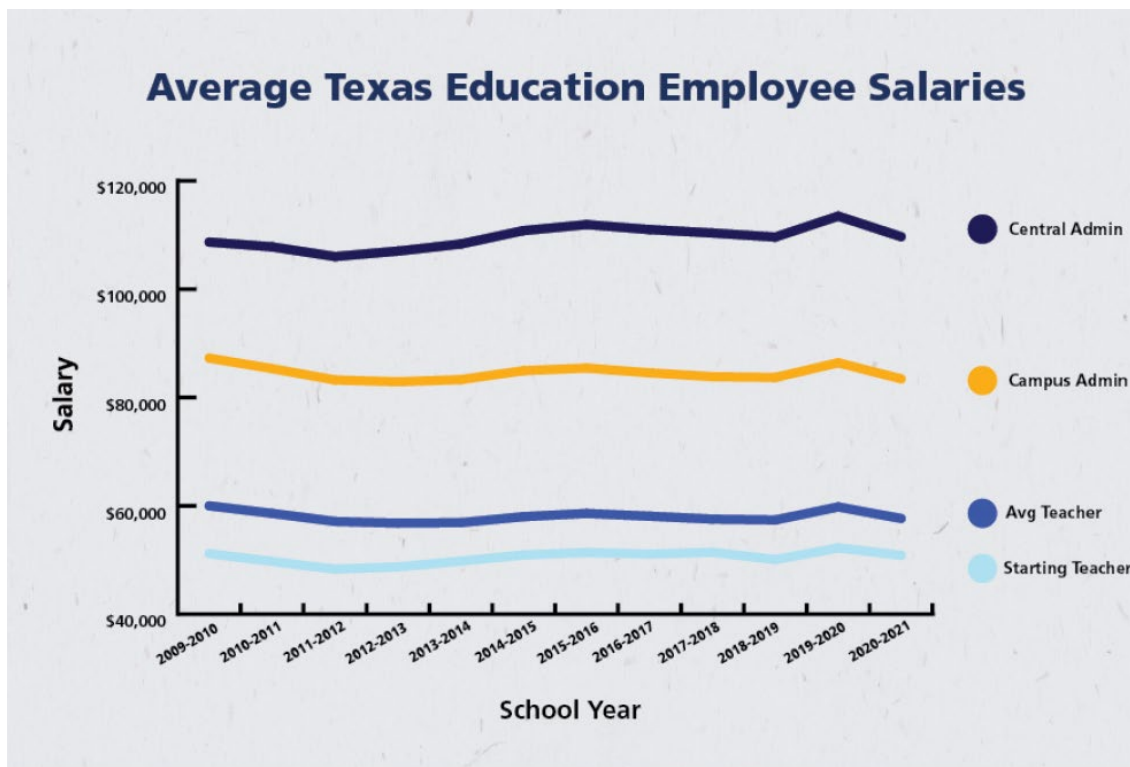
Replacing teachers is time-consuming, costly, and disruptive to student learning. Although the financial costs within a district or school can vary substantially – more than \$20,000 per teacher in an urban district – the most significant costs are those associated with separation, recruiting and hiring new teachers, and training replacements (Learning Policy Institute 2017).

*What people want is to be able to teach and teach well, and if they can't do it because they can't afford to do it or because they have a toxic work environment, that discourages them from acting as teachers who are learning and growing and getting better and increasing their commitment to the work, that's the side of satisfaction we need to pay attention to—it's not just keeping people in their positions.— Susan Moore Johnson, a Harvard University professor of education who studies teachers' working conditions and satisfaction*

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## Teacher Pay

TCTA appreciates the HB 3 funding intended for schools to increase the median teacher salary. Unfortunately, districts did not distribute the funding uniformly and they made different decisions about compensation. Generally, there has been an increase in funding invested in public education over the last decade, however teacher salaries are not keeping pace. In addition, when accounting for inflation the average salary for Texas teachers remained essentially unchanged in the past decade (2010-2021).



Source: Texas Academic Performance Reports & Bureau of Labor Statistics Consumer Price Index Data

Teachers in Texas make an average of \$7,449 less than the national average teacher salary. Even when accounting for cost of living, teacher wages in Texas ranks 29th out of the 50 states and Washington, D.C. (Every Texan Report 2022).

Texas teachers face what the Economic Policy institute calls the “Teacher Pay Penalty, which is “how much less, in percentage terms, public school teachers are paid in weekly wages relative to other college educated workers (after accounting for factors known to affect earnings such as education, experience, and state residence).” For the latest findings in 2019, the national average penalty was 19.2%, but these similar college graduates made 21.9% more than Texas teachers (Every Texan Report 2022). **TCTA requests the committee consider increased funding that is dedicated to salary increases for teachers and other non-administrative education professionals that at least brings salaries to the national average and accounts for inflation in future years.**

## Active School Employee Health Insurance

TCTA is very grateful for the leadership's recent commitment to \$435 million in additional funding for TRS-ActiveCare, the state's school employee health insurance program, for the upcoming school year. Without this help, many educators would have faced significant increases in their insurance premiums, at a time when the financial and career pressures of teaching in Texas are already overwhelming. Not only are no premiums increasing in the next school year, a number of employees will actually benefit from lower premiums.

An ongoing, more permanent solution for unaffordable health insurance will be a crucial component of the solution to teacher shortage. Over the years, premiums have continued to rise through TRS-ActiveCare, yet the minimum contribution by the state of \$75 per member per month and districts of \$150 per member per month has remained stagnant. (Most districts opt to contribute more, however, those optional contributions have not come near keeping pace with the increased costs.) Thus, TRS-ActiveCare participants have paid an increasingly greater share of the total premium directly out of their salaries and the burden on school employees has become staggering.

Additionally, the health care benefits have steadily declined, accompanied by a migration of participants into the lowest levels of the plan for affordability reasons. An employee who needs family coverage will pay a median premium of \$1,002/month in regional-based premiums for the LOWEST level of coverage. And that premium cost per month includes a \$5,000 family deductible in addition to co-pays, with most benefits not kicking in until after the deductible is met. For those with greater medical needs who choose a higher level of coverage, which also includes co-pays and a \$3,600 deductible, the median premium for family coverage – after the state/district minimum contribution – is \$1,185 per month.

The unaffordability of health insurance for active employees has been a growing problem for years. This is in part because of the unusual nature of the program: TRS administers ActiveCare, which covers around half of Texas school employees, but some local districts provide their own insurance; and funding is provided for all employees (whether in ActiveCare or a local plan) but runs through the school finance formulas (under the auspices of the Texas Education Agency). Neither TRS nor TEA has requested additional funding during the budget process, and as a result the state's contribution has not changed since the program's inception even though inflation has risen 61% over the same time.

Teacher health insurance benefits suffer by comparison to national averages for the public and private sectors, and to Texas state employees' benefits. Below is a chart that shows current premiums, employee contributions and employer contributions for participants in TRS-ActiveCare, state employees, and the national averages for public and private sector employees per the 2021 Kaiser Foundation study.

**Health Insurance Premium/Contribution Comparisons 2021**

	ActiveCare Primary	ActiveCare Primary+	ActiveCare HD (Compatible with HSA)	TX State Employees	National PPO (Kaiser**)
Employee only premium	\$417	\$542	\$429	\$623	\$645
Employee pays	\$192   46%	\$317   58%	\$204   48%	\$0   0%	\$108   17%
Employer pays	\$225*   54%	\$225*   42%	\$225*   52%	\$623   100%	\$537   83%
Family premiums	\$1,405	\$1,675	\$1,445	\$1,817	\$1,852
Employee pays	\$1,180   84%	\$1,450   87%	\$1,220   84%	\$597   33%	\$497   27%
Employer pays	\$225*   16%	\$225*   13%	\$225*   16%	\$1,220   67%	\$1,354   73%

*\*These are average rates across the state. Actual rates will vary based on region. The \$225 employer contribution for ActiveCare represents the state’s \$75 contribution and the minimum \$150 per month required of school districts.*

*\*\*Kaiser Foundation 2021 Employer Health Benefits Survey at <https://files.kff.org/attachment/Report-Employer-Health-Benefits-2021-Annual-Survey.pdf>*

**TCTA requests that the committee consider a more permanent solution to rising health care costs to teachers by considerably increasing the \$75 state contribution and indexing it to inflation in future years.**

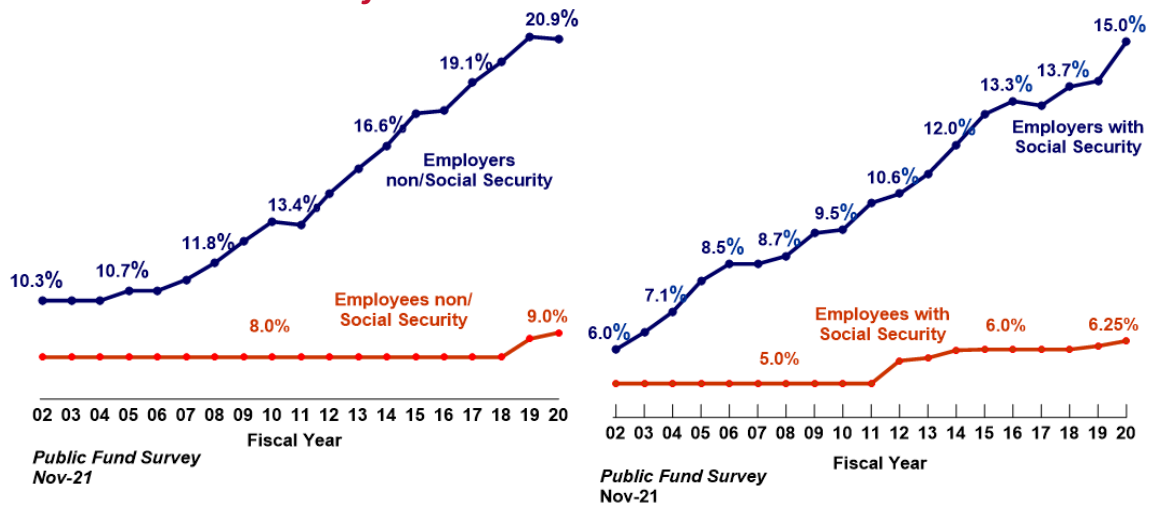
## TRS pension fund

TCTA appreciates the state’s commitment in SB 12, the TRS pension reform bill from 2019, that provides for gradual contribution increases from the state and public education employers to better ensure the pension fund is actuarially sound. SB 12 also required steady increases in contributions from active employees that have correspondingly impacted take-home pay.

Similar to active teachers, retired educators’ pensions and benefits have not kept pace with inflation and the current cost of living. The TRS annuity is essential for retirees and is often the only source of retirement income, especially since the vast majority of school employees do not receive Social Security benefits. Texas is one of 18 states that do not require teachers to be enrolled in Social Security.

Texas still lags other states in contribution rates to the pension fund. Per the NASRA Public Funds Survey the median contribution rate for non-Social Security employers is around 21% while the median employer rate for Social Security employers is 16%.

### National Association of State Retirement Administrators FY2020



Retired teachers in Texas have not received a cost-of-living increase since 2013 (which only affected those retiring before August 31, 2004, and was capped at \$100) and some have never seen an increase, while 60% of states have an automatic COLA. Texas teachers’ pensions average only \$2,118 per month even though the fund is healthy and could remain viable with increased benefits to annuitants. **TCTA requests the committee provide a COLA to retired educators through the TRS pension fund and/or state funding of the benefit.**