

Does it pay to be a teacher?

Joshua J. Fullard

Summary

The pandemic has caused a surge in the number of people interested in teaching. However, each year more than 30,000 classroom teachers in England decide to leave the occupation.

From an unmanageable workload, long hours and unrealistic expectations to a pay scale that doesn't reward experience, poor senior leadership and lack of autonomy, there are many, potentially non-exclusive, reasons why a teacher might decide to resign.

To investigate the role that earnings might play in the decision to resign, I use 27 years of labour force data to assess the likelihood that a teacher would be financially better off, for the remainder of their career, if they leave teaching.

Methodology

I estimate the probability that a teacher could be better off under three different scenarios:

- **Perfect markets** – teachers can leave teaching and immediately find a job and earn the wages we would expect them to earn given their sex, age, qualifications and experience.
- **Unemployment** – same as perfect markets but teachers cannot immediately find a job when they leave teaching.
- **Switching cost** – teachers initially struggle in the labour market and cannot find a job at the 'going wage', and therefore have to take a pay cut. The pay cut we impose is roughly the cost of getting fired in the UK.

Because I am estimating if a teacher could earn more money over the rest of their career (i.e. from the time they leave teaching until they retire) I am required to make assumptions about how much teachers value current earnings compared to future earnings. These assumptions are:

- Teachers place a lot more weight on current earnings.
- Teachers place a more balanced preference between current and future earnings.

Key findings

- There is no strong evidence that teachers could leave teaching and immediately find a higher-paying job.
- This includes young teachers (under 30s) whose salaries are highly competitive.
- However, teachers' wages tend to grow at a slower rate than they would expect in an alternative profession. Therefore, we estimate that many teachers would be financially better off, over the course of their career, if they leave.
- Based on the current composition of the school workforce, if only salaries mattered, I would expect between 88,500 and 110,000 classroom teachers to leave teaching (this is between 23 per cent and 29 per cent of classroom teachers in the state funded sector).
- Consistent with the gender pay gap, the probability that a male teacher would be financially better off if they left the profession is significantly higher than their female counterparts. This likely explains why teaching is a female-dominated occupation.

Author's main message

Teaching is among society's most important professions, yet 3 in 10 would be financially better off if they leave.

We are very fortunate that personal motivations ensure that there are enough professionals willing to do this critically important job. However, we might not be so lucky in the future.

If policymakers want to recruit and retain the most effective teachers, they need to ensure that teachers starting salaries remain competitive and that the pay scales are adjusted so that experience is rewarded, because as things stand, for many it does not pay to be a teacher.

Please feel free to get in touch directly with your questions.

Joshua J. Fullard jfull@essex.ac.uk

Lecturer in Economics, Department of Economics,
University of Essex