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Teacher Salaries in 2022 and Beyond: Out of the Abyss and Back Again[2]

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Summary

- The relative amounts of teachers' salaries helps to define the attractiveness of entering the teaching profession and can be a component in ensuring sufficient interest in the profession. Selectivity into teaching, both at entry and throughout the career, determines the quality of education. These processes are realised in the long term through continuous entries and exits from teaching, and ongoing training during the career. Therefore, the effects of teacher salaries on interest in entering the profession, the quality of teachers' work, and ultimately a country's educational outcomes can only be tracked over the long term.

- The relative amounts of teacher salaries are closely linked to the share of expenditures on schooling from the GDP. Until 2017, the share of school spending in the Czech Republic was among the lowest in the OECD. Dynamic growth between 2018 and 2021 has brought it close to the OECD average. In 2022, however, the trend reversed, and the share of GDP on school expenditures has fallen. If the trend were to continue in 2024–2025 on the basis of preliminary budgetsary figures, the Czech Republic would quickly return to being among the OECD countries with the lowest share of expenditures on schooling as a percentage of GDP. Simply maintaining the expenditure-to-GDP ratio at the 2023 level would require an additional CZK 35 bn in 2024, and reaching the 2021 peak would require an additional CZK 50 bn beyond what has been preliminary budgeted (CZK 10 bn and CZK 26 bn compared to the budget for 2023).

- The amount of state budget education spending significantly determines the level of relative salaries in education. At 60–64%, teacher salaries relative to the average wage of university-educated employees were among the lowest in the OECD until 2017. By 2021, thanks to unprecedented dynamic growth over several years, they were significantly closer to the OECD average (92%), at 79%. From 2022 onwards, they fell to a predicted 72% in 2023. Reaching the OECD average in 2024 would require an increase in teacher salaries of almost 30%.

- Teacher salaries relative to the overall average wage of all workers in the Czech economy were very low until 2017, at about 110%. In 2021, thanks to the unprecedented increases over those few years, they grew significantly, to 121%, but did not reach the 130% level promised by the previous and current governments. Growth stalled in 2022, with teacher salaries rising by only 1%, while wages in the economy grew by 5.3%. To date in 2023, the expected 4% growth in teacher salaries lags well behind the 8.1% expected growth in average wages in the economy.

- Simply maintaining 2023 relative salary levels in 2024 to 2025 will require increases at the rate of nominal wage growth in the economy, projected to be 5.8% and 4.3% respectively. Lower growth rates would mean a regressive decline towards the lowest relative wages in the OECD, where they were until 2017.

- The idea of statutory indexation of teachers' salaries, originally proposed by the authors of this study in 2017, was enshrined in law in 2023, at 130% of the average wage in the economy. However, any credible prospect of reaching and maintaining this level has been diminished by discussions about an alternative methodology that would take the lower wage level of previous years as the basis for the calculation. However, changing the methodological method of calculation will not bring the Czech Republic closer to the average of EU and OECD countries. Moreover, it weakens hard-won public trust, especially that of persons interested in the teaching profession.

- In the coming years, the need for rising numbers of teaching staff, including teachers; must be budgeted for, taking into account rising numbers of pupils; the need to reduce educational inequalities; and the additional school-age pupils from Ukraine. The relatively low salaries of non-teaching professions should also be considered in government calculations.

- In 2022, the relative salaries of teachers of all age groups fell for the first time since 2017. By far the most attractive salaries remain those of the youngest teachers, under the age of 30. In contrast, the relative salaries of middle-aged teachers aged 30–49 remain the lowest. Teachers' salaries rise slowly with years of experience (even in international comparisons). In addition to salary scales, the absence of career regulations and quality standards for the performance of the teaching profession at different stages of the career contributes to the slow rise of salaries.

- The variability of teacher salaries remains low in the long term in national and international comparisons and does not reflect differences in the quality of teachers' work. Teachers' salaries continue to be dominated by tariffs, i.e., years of experience. Flat salaries in education result in underpayment and poor motivation of quality teachers. This increases the risk of teachers leaving the profession and reduces interest in the profession among younger generations.

- After several years of significant growth in the share of the extra tariff component of teachers' salaries between 2019 and 2021, there was a noticeable decline in 2022, back to the 8–12% level that is typical of the university-educated segment of non-business sector employees. However, pay is distributed among teachers with similar variability to other university professions in the non-business sector.