

WISCONSIN'S TEACHER PAY PREDICAMENT

With some Wisconsin school districts providing the highest pay raises in years amid escalating inflation and a tight labor market, here we look at teacher salaries over time. Adjusted for inflation, median pay has fallen over the last decade, with retirements and limited pay increases both playing key roles. State limits on revenues also have constrained school spending, leaving districts caught between teacher retention goals and fiscal realities.

Earlier this year, Milwaukee Public Schools (MPS) made [headlines](#) when its board approved a [2023-24 budget](#) (referred to here as 2024) with an 8% salary increase for all staff at an estimated cost of \$50 million.

The budget reflects the most rapid inflation in a generation and highlights the tension facing many Wisconsin districts as they seek both to retain staff and maintain sustainable finances. Among the state's largest districts, the Madison Metropolitan School District, Racine Unified School District, and the Green Bay Area Public School District also raised base wages for 2024 by 8%, the maximum allowable under state law for this year. Others, like Kenosha Unified School District, the Sheboygan Area School District, and the School District of Waukesha, passed budgets limiting base wage increases to 4%, which provided partial cost-of-living adjustments with smaller price tags. Sheboygan and Waukesha also offered one-time stipends, attempting to split the difference between paying teachers more today and minimizing shortfalls in their budgets a year from now.

With the recently passed state budget limiting growth in key school revenues to below the rate of inflation for most districts, this balancing act looks like it will continue to be a challenge in 2025. To provide some context for decisions on teacher compensation, we reviewed 15 years of public school staffing and salary data, inflation rates, and changes to state revenue limits on districts. We find that median pay over this period has not kept pace with

inflation (as measured by the Consumer Price Index), likely due to limits on district spending as well as teacher retirements.

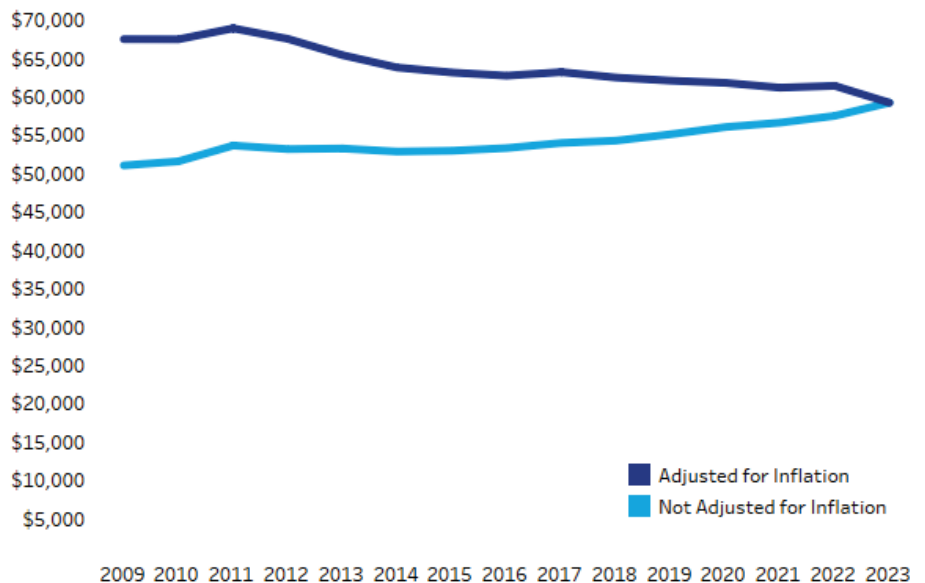
VALUE OF MEDIAN TEACHER PAY DROPS

[Public school staffing data](#) from the state Department of Public Instruction (DPI) show that median gross teacher pay, unadjusted for inflation, rose from \$51,069 in 2009 to \$59,250 in 2023, an increase of \$8,181, or 16.0% (see Figure 1).

In a departure from this overall increase, gross median wages fell in 2012, when a wave of teachers retired in reaction to the passage in the previous year of Act 10, the state law that eliminated most public employee collective bargaining. Presumably as a result of the loss

Figure 1: Inflation-Adjusted Teacher Wages Decline Over Time

Median gross teacher salary in Wisconsin, nominal versus inflation-adjusted wages



Sources: U.S. Bureau of Labor Statistics, Wisconsin Department of Public Instruction, and Wisconsin Policy Forum analysis. *Milwaukee Public Schools excluded from 2015 data due to possible clerical error.



of these older, higher-paid teachers and their replacement with younger teachers at the low end of pay scales, median teacher salaries declined by \$467 in 2012 in nominal terms. Take-home pay (not shown in Figure 1) fell by an additional amount in many cases because of employee pension and health care contributions prompted by Act 10.

Adjusting for inflation shows the *value* of median teacher pay has fallen. A teacher earning median pay made an inflation-adjusted \$67,536 in 2009 but only \$59,250 in 2023, a decrease of \$8,286, or 12.3%, after factoring in the rise in consumer prices and the loss in the buying power of the median salary.

As exemplified by the 2012 decline, large numbers of retirements or other departures from the public school classroom can reduce or curb growth in the median figure, even if all remaining staff see flat or increasing salaries. With [Wisconsin teachers leaving the public school classroom at an average annual rate of 8.0%](#) from 2009 to 2023, this factor has likely held down the median. As we will further discuss below, however, constraints on district spending and on actual teacher salary increases also clearly impacted these numbers.

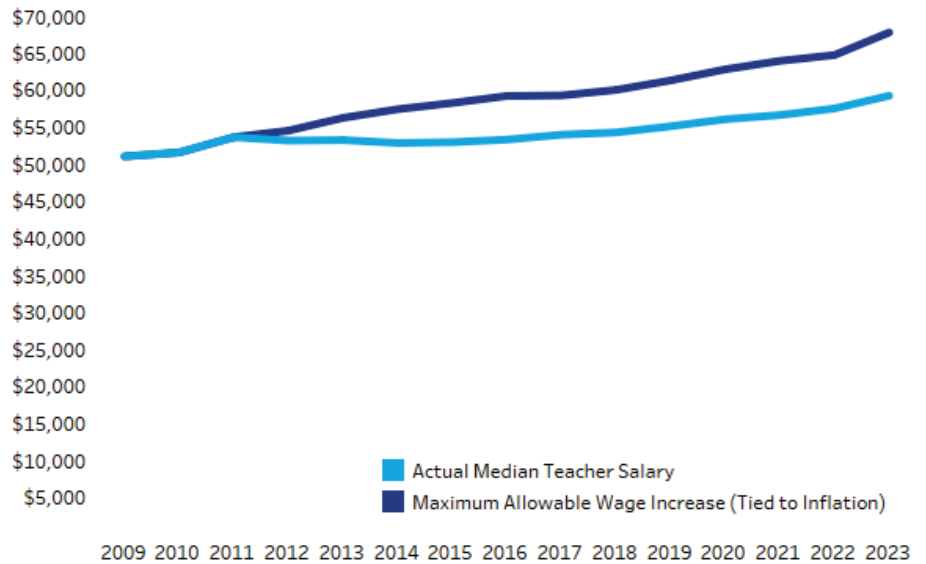
MEDIAN PAY TRAILS MAXIMUM POSSIBLE INCREASES

Since its adoption in 2011, Act 10 has generally allowed school districts to increase base wages up to the rate of inflation. Yet, as shown in Figure 2, when we compared the actual salary data to what median pay would have been if it had kept pace with inflation since Act 10, we found a gap that widened over time.

If, starting in 2012, median teacher pay had increased at the rate of inflation, it would have been \$67,780 in 2023, or \$8,530 more than the actual median of \$59,250. These figures are approximate since the DPI data do not distinguish between the pay that is considered teachers' base wages and the additional pay provided to staff with more experience and education.

What is behind this lag? First, as previously discussed, departures of older staff with higher salaries

Figure 2: Median Teacher Salary Did Not Rise As Quickly As Act 10 Allowed
Median gross salary in Wisconsin, actual wages versus what wages would have been if they increased by the maximum allowable under Act 10 since 2012



Sources: U.S. Bureau of Labor Statistics, Wisconsin Department of Public Instruction, and Wisconsin Policy Forum analysis. *Milwaukee Public Schools excluded from 2015 data due to possible clerical error.

contributed to the median's slow growth. More importantly, pay for the remaining teachers in many districts has not kept pace with inflation.

Every year, school district officials face tradeoffs in supporting students and staff, balancing the budget, and protecting taxpayers. As the source of the majority of school spending, teacher compensation is among the weightiest topics in this calculus. Paying teachers fairly and at levels competitive with other districts and the overall labor market is critical, but wage increases also drive future costs for districts and must therefore be considered against projected revenues.

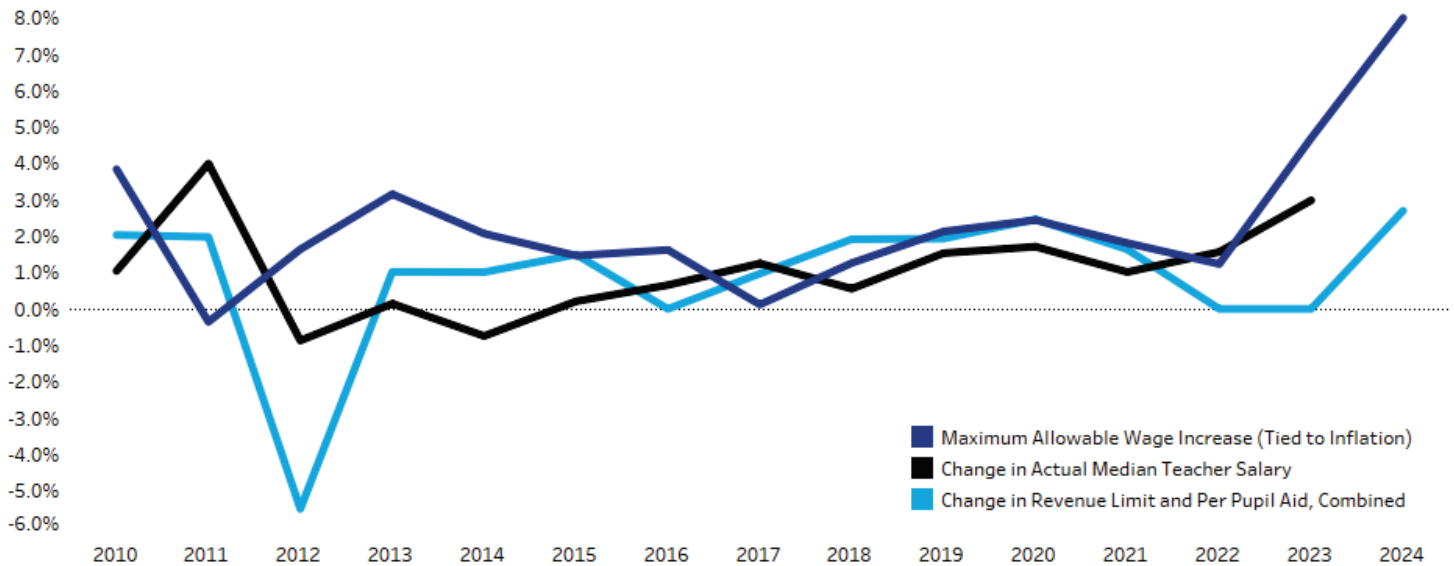
From 1999 to 2009, these revenue considerations were less of an acute concern because state law tied school revenue limits to inflation, which in turn allowed for greater growth in school funding. These state revenue limits cap the combined amount of revenue districts receive from their two largest funding sources: local property taxes and state general school aid.

Since 2009, however, changes to revenue limits have largely lagged inflation even after including any additional per pupil aid from the state (see Figure 3 on the following page). The effects of this slow growth in the limits have compounded over time, leaving districts with fewer dollars to spend on teacher pay or any other district priority, as also shown in our previous [research on per-pupil spending](#).



Figure 3: Increases in Median Teacher Salary Have Long Lagged Inflation, But Recently Outpaced School Revenues

Year-over-year change in median gross salary, maximum allowable under Act 10, and revenue limit



Sources: U.S. Bureau of Labor Statistics, Wisconsin Department of Public Instruction, and Wisconsin Policy Forum analysis. *Milwaukee Public Schools excluded from 2015 data due to possible clerical error.

Other factors either cushioned or exacerbated this impact. Act 10 required teachers to pay greater health care and pension contributions, which limited staff compensation but helped balance school budgets. Starting in 2016, [school districts increasingly turned to referenda](#) asking voters to increase local property taxes beyond their revenue limits.

[Declining student enrollment](#), however, has further tightened the limits for districts over these years. In particular, the decrease in student enrollment (-5.8% from 2009 to 2023) occurred without a decrease in the number of teachers (+0.3% over the same time period), leaving some districts stretching fewer overall dollars than they would otherwise have across largely static personnel costs.

In this context, median wage increases (represented by the black line in Figure 3) did not match revenue limit increases (the light blue line) for much of the past decade. In 2022 and 2023, however, wage increases easily exceeded school revenue limits and appear very likely to do so again in 2024. [Federal pandemic relief funding](#) has helped to bridge this gap between the growth in costs versus revenues for many districts, but school leaders will face a tougher challenge after it runs out next year. Using the federal funding for normal operating costs also may have diverted some funds away from student recovery efforts.

TEACHER PAY LOWEST IN SMALL AND RURAL DISTRICTS

Median teacher pay figures allow for a discussion of statewide trends, but the reality for specific districts varies substantially. To that end, we briefly looked at differences in teacher pay across districts in 2023.

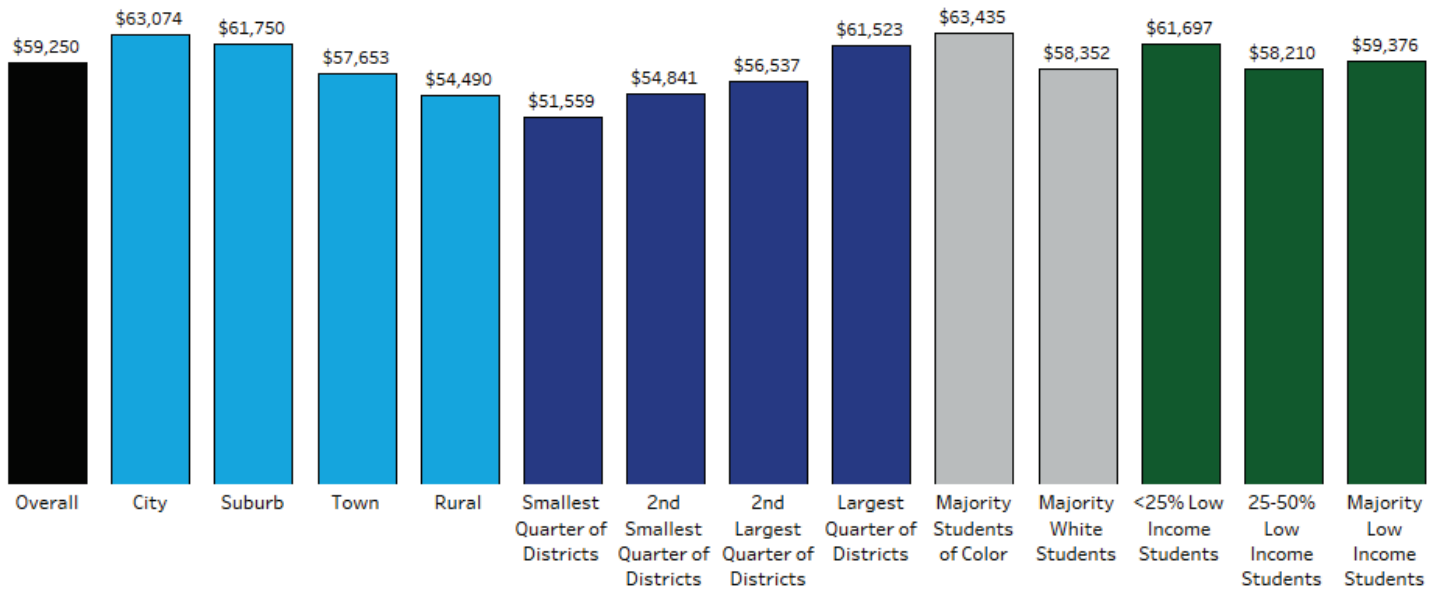
Pay was much lower in rural districts as well as in those with the fewest students, while pay was substantially higher in urban districts and those with the most students (see Figure 4 on the following page). Teacher pay may be higher in areas with a broader array of industries competing for talent and potentially in areas with stronger teachers' unions.

Cost-of-living differences are also an important factor in understanding some of these divergences, and lower prices in rural areas may mitigate some of the pay gaps. Still, it is notable that these differences in pay reinforce our [recent analysis of teacher turnover](#) in Wisconsin. That report found that turnover is highest in the smallest districts and above average in rural districts and that rural and small districts are the district types most likely to lose teachers to other districts. Those higher turnover rates may at least in part reflect lower pay. This potential correlation stands in contrast to teacher moves away from MPS to other districts, which did not appear to be driven by pay.



Figure 4: Rural, Smallest Districts Pay Lowest Median Teacher Salaries

2023 median gross teacher salary by district type



Sources: National Center for Education Statistics, Wisconsin Department of Public Instruction, and Wisconsin Policy Forum analysis

CHALLENGES AHEAD

After years of declines in real wages, teachers and public school advocates may welcome the recent raises for school staff, but the increases also leave a difficult path ahead for district finances. The 2023-25 state budget granted districts a revenue limit increase of \$325 per pupil for 2024 and another \$325 for 2025. The additional funds amount to a revenue limit increase per student of approximately 2.7% this year, far below the allowable wage increase for teachers of 8.0%. Enrollment drops will further limit the amount of revenue actually available to districts under the caps.

Some districts used pandemic relief funds to help balance 2024 budgets, while others, like MPS, also leveraged short-term savings from elevated staff vacancies. Budgets seem much more challenging for 2025, however, and it is unclear how some districts will fund the salary increases they have already approved, let alone continue raising wages. There are also at least some trade-offs for students: while a stable, high-quality workforce provides a clear benefit, additional dollars going to existing staff may limit improvements in other supports or offerings for students.

Evidence of the difficult decisions ahead is already emerging. After [approving a 12% salary increase](#) for 2024, Wauwatosa School District officials have convened a community task force to consider [options to](#)

[address a budget shortfall](#). Among the options under consideration is the closure of two elementary schools. The Green Bay school board [already voted to close three elementary schools](#), citing aging facilities, declining enrollment, and a projected budget deficit, with more closures and a [possible referendum on the horizon](#). Madison officials [signaled in June that the district's 2024 increases will not be sustainable](#) absent significant state assistance or other steps such as a referendum. Even the Kenosha school board, which approved a smaller wage increase for staff, has undertaken a districtwide ["rightsizing project."](#)

Going forward, more districts, and especially those with large wage increases this year, will likely seek to exceed state revenue limits and increase property taxes via referendum. Districts that opted for wage increases below inflation may face challenges of their own as teachers weigh jobs in other districts or career changes. Prospective teachers may consider pay when determining whether to enter the profession at all. Schools across the state will continue to contend with declining enrollment, the pandemic's persistent negative impact on students, and teacher turnover.

These vexing issues suggest that the 2023-25 state budget has not resolved a series of tough issues affecting not only school finances but also teaching and learning, with ramifications ahead for students, the teaching profession, and taxpayers.

