

How fast are teachers' salaries really growing?



Not nearly as fast as the actuaries claim

Membership dues for active, certified members are set in the NEA-Alaska bylaws: “one percent of the teachers’ average salary in Alaska rounded up to nearest dollar, as of May 1 of the school year preceding Delegate Assembly”

The state’s actuaries assume that the annual increases have ranged from 3.75% to 4.5%. But the chart below shows a very different picture. Over the past 17 years, teachers’ average salary increases average only 1.36% annually. The stagnant salaries reflect two decades (1983-2002) of inadequate funding when schools lost almost half their buying power to inflation. Teacher salaries reflect similar losses.

The actuaries use the computation of growth in teacher salaries to project contributions to the retirement system and therefore its growth. If a teacher’s salary is projected to grow by 3.75% yet grows by only 1.75%, that’s 2% lost to the system, compounded over 30 years. Thus, the state may be looking at a growing debt and inability to pay for past services. Conversely, the flat salaries will also flatten the growth in retirement obligations. Will it be enough to offset the reduced payments to the system? We just don’t know.

Teacher Average Salary

Year	Dues	Year	TAS	% of Change	Average Growth
1989-90	\$412	1987-88	\$41,200		
1990-91	\$420	1988-89	\$42,000	1.94%	
1991-92	\$428	1989-90	\$42,800	1.90%	
1992-93	\$439	1990-91	\$43,900	2.57%	
1993-94	\$450	1991-92	\$45,000	2.51%	
1994-95	\$463	1992-93	\$46,300	2.89%	
1995-96	\$475	1993-94	\$47,500	2.59%	
1996-97	\$480	1994-95	\$48,000	1.05%	
1997-98	\$481	1995-96	\$48,100	0.21%	
1998-99	\$481	1996-97	\$48,100	0.00%	
1999-2000	\$482	1997-98	\$48,200	0.21%	
2000-01	\$476	1998-99	\$47,600	-1.24%	
2001-02	\$476	1999-2000	\$47,600	0.00%	
2002-03	\$483	2000-01	\$48,300	1.47%	
2003-04	\$485	2001-02	\$48,500	0.41%	
2004-05	\$495	2002-03	\$49,500	2.06%	
2005-06	\$511	2003-04	\$51,100	3.23%	
					1.36%

Another faulty assumption by the actuaries?

Before we rush to dismantle our PERS/TRS retirement system, let’s find out what the real numbers are!