Pension Problems:

How Gender and Race Complicate Illinois' Teacher Retirement Woes

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March 2018





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Acknowledgements

Thanks to all those who offered feedback on earlier drafts of this paper, particularly Chad Aldeman, and Andy Rotherham. A special thanks to Kirsten Schmitz for her perspective and advice throughout the project. Thanks as well to Five Line Creative, as well as Dave Baker at Super Copy Editors for copy-editing.

The Laura and John Arnold Foundation provided funding for this paper. The views and analysis in this report are the responsibility of the author alone.

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Introduction

Equal pay for equal work remains an elusive goal. In the United States, women earn roughly 79 cents for every dollar a man earns. For the most part, women are severely underrepresented in the halls of power, whether that be government or the boardroom. Currently, women do not even comprise 20 percent of members in the U.S. Congress. And this is despite women voting at higher rates than men for decades.2

These problems are exacerbated by race. Women broadly make less money than men, and black and Hispanic women make even less than white women. According to the Institute for Women's

If current trends continue, black women will have to wait until the year 2124 for full parity, while at the current pace, Hispanic women won't receive equal pay until the year 2233.

Policy Research, at the current rate of progress, the gender gap won't close until 2059. If current trends continue, black women will have to wait until the year 2124 for full parity, while at the current pace, Hispanic women won't receive equal pay until the year 2233.3

These gaps vary by industry, but education is one sector that one might expect to find gender parity. The field overwhelmingly employs women, and most school districts operate with a fixed salary schedule that uses years of experience and educational attainment to drive how much

an educator earns. This structure should, in theory, inoculate the profession from large gender- or race-based pay gaps. And nationally, female teachers earn a base salary that is, on average, 97 percent of what male teachers earn.4

But there is more to the story.

First, these averages do not account for years of experience or additional education credentials. Also, the average teacher salary does not account for the fact that the overall field of education is disproportionately led by men at the school and district levels. And finally, the differences in base salaries translate into differences in retirement wealth as well, which ultimately leads to even greater disparities in the total financial compensation given to women compared with men.

To explore these issues further, we analyzed salary data on all public school educators in the state of Illinois. In this analysis, we use the term "educators" to mean all public school employees (with the few exceptions noted in the discussion of the methodology). This is deliberate because so-called "teacher" pension plans cover all these workers too. Within the education profession, we analyzed various types of roles.

Even looking specifically at classroom teachers and after adjusting for cost of living differences, we found that, on average, women teachers earn salaries that are only 92 percent of what men earn. While this is a better salary ratio than what women earn in the workforce generally, it is nevertheless below the national rate of 97 percent in the teaching profession.5

Looking at the education profession more broadly, we found significant gender-based disparities within particular races and ethnicity. Statewide, Hispanic women earn \$4,000 less than Hispanic men. Interestingly, the disparity is far worse for white women, who typically earn almost \$10,000 less than white men.

Much of these differences in educator salaries are due to clustering in certain types of districts. The majority of nonwhite educators work in Chicago Public Schools, one of the highest-paying

Women are paid less in salaries and as a result earn less valuable retirement benefits. This means their overall compensation is even lower than suggested by salaries alone.

large urban districts in the country. In fact, 97 percent of black educators in Illinois work in cities and suburbs, which are far and away the highest-paying districts in the state.6 As a result, black educators, and black women in particular, earn the highest average salaries in the state.

The gender- and race-based differences in salaries translate to significant disparities in estimated retirement wealth. Based on their salaries and years of experience, female educators in Illinois qualify for estimated annual pensions that are around \$3,800 less than those earned by men.

There are even larger pension disparities by race and within race by gender. Simply put, women are paid less in salaries and as a result earn less valuable retirement benefits. This means their overall compensation is even lower than suggested by salaries alone.

These differences cannot be explained away entirely by the fact that men are disproportionately represented in leadership positions. While that's a problem in its own right, there are more female than male school administrators in Illinois, and, on average, they earn roughly the same salary. However, those women typically had to work two additional years to qualify for an administrator salary, which suggests the issue may be more a matter of unequal advancement opportunities rather than something that can be fixed through the salary scale.

Additionally, the degree of the disparity depends on whether or not the educator works in Chicago Public Schools. Excluding Chicago educators, the gender- and race-based salary gaps increase. The average salaries for black women plummet when Chicago is excluded, and the salary gap increases by 500 percent between black men and black women. The pattern holds for pensions as well, resulting in dramatically less valuable annual retirement benefits for women and educators of color.

Altogether, these data suggest that Illinois policymakers need to think carefully about how to guard against gender- and race-based inequities. Although the data are limited to Illinois, and Illinois is unique in some respects, many of the broader findings likely apply to other

States with statewide retirement plans must acknowledge that those systems will amplify any existing disparities in take-home pay and will, in fact, extend those disparities into retirement.

school systems across the country. Districts need to be proactive and treat all workers fairly based on their skills and contributions rather than on credentials and time served. And states with statewide retirement plans must acknowledge that those systems will amplify any existing disparities in take-home pay and will, in fact, extend those disparities into retirement. To address those gaps, states would need to include specific provisions to make their retirement plans progressive rather than being directly proportional to salaries.

Methodology

To determine how gender- and race-based salary disparities translate into inequities in pensions, we used Illinois' publicly available Teacher Service Record (TSR) data for 2012. Although the state makes available more recent teacher salary data, the newer data do not include all the information necessary for this analysis, such as the worker's years of experience and academic credentials. The data are not limited to teachers but include a wide range of people who work at the school and district level. Before any adjustments or exclusions, the data set included more than 163,000 employees.

To conduct the analysis, however, we first needed to adjust who was included. We restricted the data set to only those employees who worked full time in a single school in 2012. The TSR identifies district-wide employees, such as superintendents with unique district codes that do not match with other data we used in this analysis. As such, the majority of district-wide employees are excluded from the final analysis. We also further limited the data to only those employees eligible to enroll in either the Illinois or Chicago pension funds. This restriction applied to a handful of school support professionals who were employed by school districts but not eligible for state- or city-run pension plans. This excluded less than 100 employees.

The adjusted data set was then merged with district data from the U.S. Department of Education's National Center for Education Statistics (NCES). This allowed us to correctly match teachers with the federal school and district identification codes. This step eliminated some educators who work in schools that are not included in the federal data set, such as early

childhood institutions or alternative schools. With the correct NCES identification codes, we could make cost-of-living adjustments using the Consumer Wage Index developed by Lori Taylor at Texas A&M University. Finally, employees without a reported salary were excluded. In the end, over 130,000 employees were included in the analysis.

Using the salaries adjusted for cost of living, we approximated each employee's annual pension value as of 2012. However, the data do not include employees' birth year. Because employees become eligible to draw pensions at certain ages and we did not have this variable, we could not calculate any employees' exact pension wealth in terms of net present value. That is, a 10year veteran who is 40 years old would have a much lower net pension wealth than a 10-year veteran who is 60 years old because benefits are based on the worker's final salary in the year they earned it, and the 60-year-old is closer to being able to retire and begin claiming benefits. But with that caveat in mind, we estimated annual pension benefits for each employee based on their current salary and years of experience.

We analyzed differences in salary and annual pension benefit by gender, by race and ethnicity, and by gender within different races and ethnicities. We conducted these analyses at the state level, as well as by grade span, role within education, education level, and urbanicity.

There is one additional wrinkle that is unique to Illinois: There are two large pension systems for educators, a statewide plan and a plan exclusively for the city of Chicago. While each fund has nearly identical pension formulas, they are two separate systems with separate contribution rates. Additionally, a significant proportion of the state's educators of color work in Chicago. For example, 61 percent of black and 52 percent of Hispanic educators in the state work in Chicago. Finally, Chicago is an outlier when it comes to salaries, providing the highest salaries among all urban school districts across the country.7 Given that the unique conditions in Chicago can exert significant influence on the overall analysis, we present two cuts of the data: one including all educators statewide, and another one with the state minus Chicago.

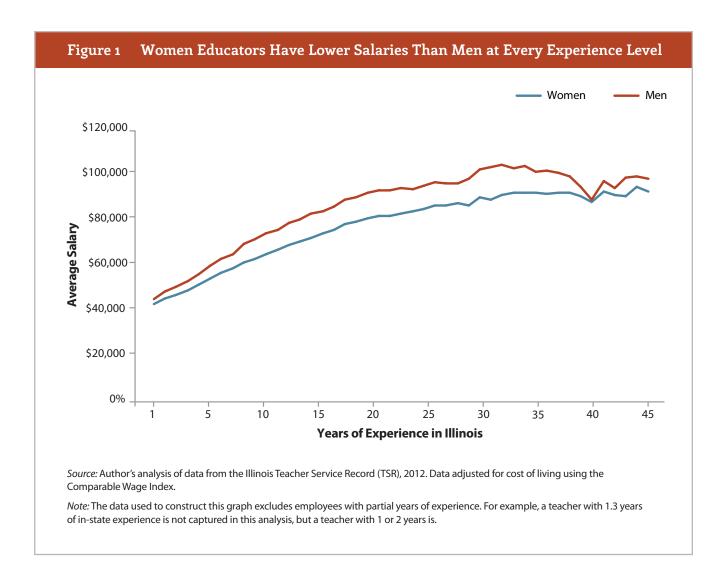
What We Found

Differences in Salaries

Statewide, women educators earn, on average, \$7,775 less in salary than men. As shown in Figure 1, men, on average, begin their education careers in Illinois with a higher starting salary: \$45,000, compared with \$43,000 for women. This salary advantage continues and grows as years of experience increases. At 10 years, which is also the time that educators "vest" and qualify

The average female educator takes five additional years to earn as high a salary as men do at their 10-year mark.

for a pension benefit, women earn, on average, \$8,500 less than men. In fact, the average female educator takes five additional years to earn as high a salary as men do at their 10-year mark. Note that this analysis does not differentiate between teachers and administrators, thus salary difference due to different types of jobs is part of the explanation behind the disparity.



These average salaries include a wide variety of educator careers, ranging from teachers to school administration.8 Given that, in Illinois and across the country, men are disproportionately represented in school and district leadership,9 we also looked at the extent to which gender-based salary disparities exist even within similar roles. Table 1 shows that large gender gaps persist even within specific roles.

Table 1 Average Salary and Experience by Gender and Job

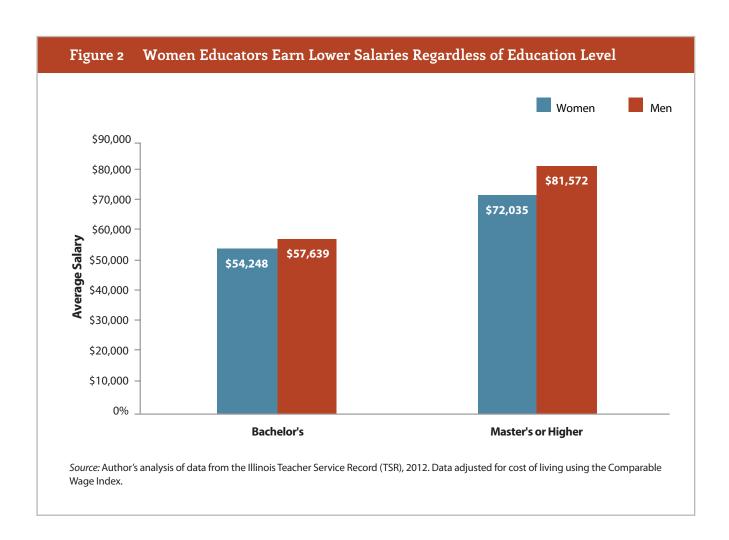
	Women				Men			
	Count	Percent	Experience	Avg. Salary	Count	Percent	Experience	Avg. Salary
Elementary Teacher	41,042	89%	13.0	\$62,877	5,252	11%	11.4	\$62,827
Elementary Administrator	2,014	67%	19.1	\$105,325	1,008	33%	16.7	\$105,188
Middle School Teacher	13,204	72%	12.5	\$61,791	5,083	28%	12.8	\$64,505
Middle School Administrator	453	42%	16.7	\$95,136	620	58%	16.0	\$99,032
High School Teacher	16,315	55%	11.9	\$69,078	13,741	45%	12.9	\$74,810
High School Administrator	516	35%	17.7	108,749	946	65%	17.3	\$112,019
Statewide	101,335	77%	13.05	\$66,045	31,086	23%	12.94	\$73,821

Source: Author's analysis of data from the Illinois Teacher Service Record (TSR), 2012. Data adjusted for cost of living using the Comparable Wage Index. Note: Due to data limitations, this does not include the vast majority of superintendents or other districtwide positions.

These data reveal a few key features of Illinois' educator workforce. First, they confirm that women are generally underrepresented in school leadership positions. Even in elementary schools, which employ the highest percentage of female administrators, women are disproportionately underrepresented in school leadership roles. In these schools, women are 89 percent of the teachers and yet comprise only two-thirds of the administrators.

Second, women are typically paid less than their male colleagues, even for similar roles. For example, among high school teachers in Illinois, women earn \$5,732 less than men. Some of that disparity is likely because, on average, women have about one less year of experience than men do. But examining the rest of the data suggests that the additional year of experience does not account for the entire disparity. Women who are elementary teachers have, on average, 1.5 additional years of experience than male elementary teachers, and yet they only earn roughly \$50 more. As elementary school administrators, women need to work even longer than men to earn salaries that are marginally higher. The problem is even worse at the middle and high school level. Here, women have slightly longer tenures, on average, and nevertheless earn markedly lower salaries. Altogether, whether it's due to sorting patterns across districts or unequal advancement opportunities, it's clear that salary disparities among teachers and administrators, as well as the overrepresentation of men in leadership roles, combine to produce statewide gender-based salary disparities in Illinois.

We also analyzed Illinois' educator salary data by educational attainment. We split educators into two groups: bachelor's degree holders and those who hold a master's degree or higher. In each group, the ratio of women to men is consistent with the statewide breakdown. Despite roughly the same average years of experience between men and women, there are large salary disparities. As shown in Figure 2, there is a nearly \$3,500 gender-based salary gap among bachelor's degree holders, and an almost \$10,000 salary gap among those with at least a master's degree.



On average, female educators in Illinois earn lower salaries than men. This inequity persists across grade spans, appears even among educators working in similar roles as teachers and administrators, and occurs regardless of educational attainment. In the few instances in which women earn marginally higher salaries than male educators, they had to work more years to earn them.

However, these gender-based inequities are not felt evenly across the state. In Illinois' rural and small-town districts, women not only earn significantly lower salaries, on average, but also earn far less than their male colleagues also working in rural and small-town districts. As shown in Figure 3, salaries are the most equitable and women are paid the highest, on average, in cities. Even in the most equitable locale—cities—women still earn, on average, around \$2,890 less than men. The largest gender-based gaps are in the suburbs. In those districts, women earn salaries that are \$11,000 less than men. While men and women both earn lower salaries, on average, in towns and rural districts, significant gender-based disparities persist.



Women earn, on average, \$70,720 in cities, and yet that is a lower average salary than men earn in every type of district except for rural ones. With every cut of the data, the outcome is more or less the same: On average, women earn less than men, even after controlling for type of role or educational credentials. In the few instances in which women earn higher average salaries, they often had to work longer to get it. In Illinois, gender-based salary gaps in education are ubiquitous.

Race Complicates the Story Around Educator Salaries in Illinois

One might expect, given longstanding wealth and income inequities in the United States, that white educators would also earn the highest salaries among educators. According to national data, the average base salaries for teachers are largely comparable among different races, with Asian teachers earning the highest average base salary.10 But in Illinois, as shown in the graph below, black educators earn the highest average salaries. This is partly due to the fact that 98 percent of black educators work in cities and the suburbs, which are the highest-paying districts, on average, in the state. Additionally, black educators, on average, have more years of experience in the data set.

Table 2 Average Salary and Experience by Race

	Count	Percent	Experience	Avgerage Salary
Asian	1,629	1%	9.5	\$65,579
Black	10,533	8%	14.4	\$73,402
Hispanic	7,137	5%	11.1	\$67,264
White	109,044	82%	13.2	\$67,446

Source: Author's analysis of data from the Illinois Teacher Service Record (TSR), 2012. Data adjusted for cost of living using the Comparable Wage Index. Note: This table includes only the four races/ethnicities with the largest percentage of educators in the data set. For this reason, the percentages will not add up to 100 percent.

Considering that three-quarters of nonwhite students attend schools in cities in Illinois, it is beneficial that more than 65 percent of educators of color also work in those districts.11 It is unclear whether higher salaries attracted these educators to those districts, if they already had roots there—teachers are more likely to live near their hometowns than other professionals¹²—or if they selected schools or districts based on the students they serve.

Analyzing educator salary by race and years of experience reveals additional patterns. Black educators earn higher salaries, on average, up until around 23 years of experience. At that point, white and Hispanic educators begin to earn slightly higher salaries. It is important to keep in mind that the median years of experience in this data set are 13 for black, 10 for Hispanic, and 11 for white educators. Thus earning higher salaries earlier in an educator's tenure drives much of the differences in the overall average salary. Additionally, there are far fewer educators in the data set, particularly for Hispanic educators, with more than 30 years of experience. This can produce more volatile results.

Regardless, as shown in the table below, Asian, Hispanic, and white teachers all earn roughly the same average salaries. That Asian and Hispanic teachers can earn around as much as white teachers with fewer years of experience is likely due to the fact that they are concentrated in higher-paying districts. Again, black teachers work longer, are concentrated in higher-paying districts, and earn the highest average salaries.

Table 3 Average Salary and Experience by Race and Job

		Teachers		Administrators			
	Percent	Experience	Avg. Salary	Percent	Experience	Avg. Salary	
Asian	1%	9.3	\$64,370	0.6%	14.4	\$100,760	
Black	7%	14.0	\$68,999	18%	16.7	\$105,092	
Hispanic	5%	10.7	\$64,498	6%	17.1	\$108,308	
White	83%	12.9	\$65,314	73%	17.5	\$101,976	

Source: Author's analysis of data from the Illinois Teacher Service Record (TSR), 2012. Data adjusted for cost of living using the Comparable Wage Index.

The greatest gender-based salary disparity is among white men and women. White men earn an average of \$74,116, compared with white women, who earn \$65,378.

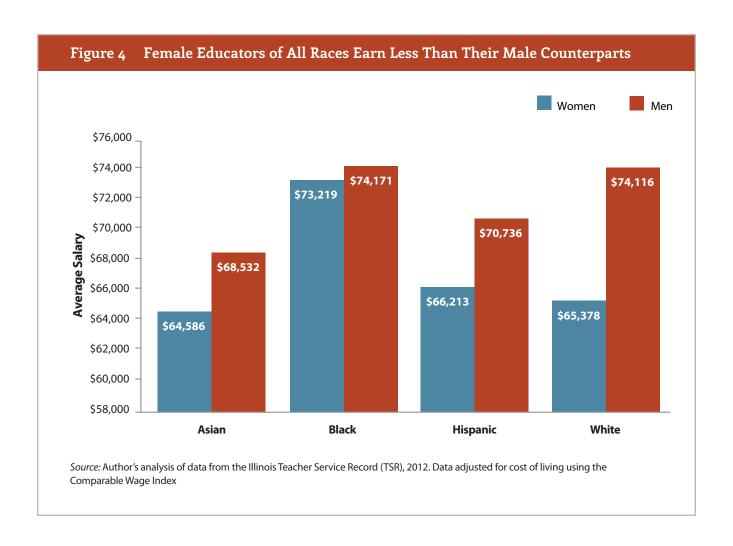
On average, black and Hispanic school administrators earn higher salaries than white administrators. Additionally, 18 percent of school administrators are black, even though black educators make up only around 8 percent of the total educator workforce in the state. Since the vast majority of black educators work in cities and suburbs, this suggests that they are promoted to leadership positions at a fairly high rate. Again, this is quite positive, both from an equity standpoint and because the vast majority of students

of color attend schools in these districts. In particular, over 50 percent of all black students in Illinois attend school in a city.

The story is further complicated by the significant gender-based disparities within races and ethnicities. As shown in Figure 4, men, on average, earn higher salaries than women regardless of race. Black men and women have the greatest degree of salary parity, but black men still outearn black women by almost \$1,000. The greatest gender-based salary disparity is among white men and women. White men earn an average of \$74,116, compared with white women, who earn \$65,378. That is a difference of almost \$9,000. The average salaries for Asian, Hispanic, and white women are all below the statewide average salary of \$67,870.

According to this analysis, gender drives significant differences in educator salaries in Illinois. Statewide and regardless of job type, women earn average salaries that are several thousand dollars lower than men. This pattern holds based on educational attainment, as well as among teachers and between administrators. When the data is broken out by district type, men continue to earn higher salaries than women. For women to earn a salary comparable to men's salaries, it requires them to work an average of five additional years. And while educators of color are concentrated in cities and suburbs that pay higher salaries, there nevertheless are significant gender-based disparities within each race and ethnicity.

This problem does not stop with salaries. In fact, the issue is magnified in educator pensions, leaving women with even less compensation than men.



The Link Between Salaries, Longevity, and Retirement

About 90 percent of teachers are enrolled in a state-sponsored defined benefit retirement system. While the specific formulas vary by state, they all rely on years of service, final average salary, and a benefit multiplier. If there are inequities in any of these underlying variables, the pension system will only exacerbate them.13

To determine the annual pension benefit for educators hired after 2011, Illinois uses the following formula: First, an educator's final salary is based on their highest 8-year average.14 The state then multiplies that amount by the educator's years of experience and a 2.2 percent multiplier. 15 Consider the following example: a teacher with 25 years of experience and a final average salary of \$70,000. At retirement, she would earn an annual benefit of \$38,500.

The question of when that teacher can begin collecting that benefit matters a great deal because the formula is based on the employee's final salary, regardless of what year that salary was earned. As a result, the same benefit formula is worth much more to workers who are closer to the point at which they can begin collecting benefits. This translates into a back-loaded structure where benefits are low for many years. In fact, educators in Illinois hired after 2011 have to work 10 years before they "vest" in the system and qualify for any pension at all. Educators who leave before then, even after nine years, are ineligible for a state teacher pension. To make matters worse, educators in Illinois are ineligible for Social Security.16 Overall, in Illinois, as with most states, teacher pension benefits accrue slowly, but as workers near their normal retirement age, their pension wealth accelerates rapidly.17

In this analysis, we only had access to annual pension value. Without knowing an educator's age, we cannot know their true net pension benefit. Nevertheless, it is important to keep in mind that the vast majority of educators, despite earning an annual pension, do not receive a significant return on their investment or a sufficient retirement benefit.

Because of this structure, educator pensions are not progressive; the majority of people entering the system will not stay long enough to benefit themselves. But some people do. For those who stay, pensions represent one clear-cut path to a solid middle-class job and dependable, secure retirement benefits.

Public employees, and, in this case, both teachers and administrators alike, have salaries and advancement opportunities that are awarded based on longevity and credentials, not any sort of preferential treatment or merit. These predictable salary and benefit accruals should, in theory, work against inequities across gender or race, and while they may mitigate larger, documented inequities in other professions, gaps among educators still persist. We set out to investigate these issues in Illinois.

Differences in Pensions

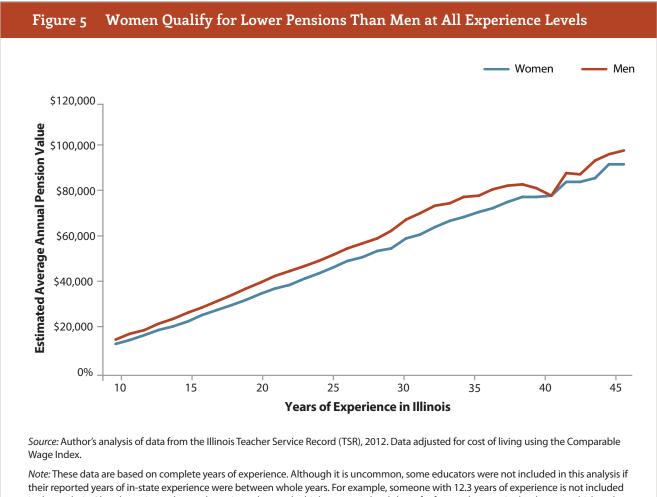
Due to the formula used to calculate educator pensions, salary inequities are mirrored and, in some cases, amplified by the state and Chicago pension systems. Just as men typically earn higher salaries than women, they also earn higher annual pension values. As described above, female educators earn salaries that are, on average, 92 percent of what men earn. In terms of pension value, statewide, men have annual pensions worth \$36,785, compared with only \$32,971 for women. The gender ratio is marginally better when it comes to pensions as opposed

Just as men typically earn higher salaries than women, they also earn higher annual pension values.

to salaries. But while the ratio changes ever so slightly, the story is the same: Women educators simply receive less than their male colleagues, even after controlling for experience or credentials.

As shown in Figure 5, men qualify for larger pensions at every point in their career. As a reminder, new educators in Illinois do not qualify for any pension at all until they have

10 years of service. After 10 years, educators vest into the pension system. As such, the estimates begin there. As discussed above, men have much higher salaries at that point in their careers, and, in fact, the inequity worsens once we factor in pensions. The gender disparity in pension value for 10-year veteran educators is nearly \$2,000. That gap more than doubles in eight years to almost \$4,300. The inequity approaches \$10,000 around the 30-year mark, a time when many veteran teachers consider retiring. Keep in mind that this inequity is not a onetime problem but would instead be repeated annually throughout retirement. Assume two typical educators, one male and one female, began teaching at 30 years old and retire after 30 years. The man would receive an annual pension that is more than \$8,000 more valuable than the woman's pension. After 10 years, or by the time they're both 70 years old, the man would have accumulated \$80,000 more in pension benefits, even before inflation adjustments, than the woman.18



in the analysis. Also, the estimated annual pension values at the highest tenure levels have far fewer educators in the data set, which makes them more susceptible to variations, such as district-level differences, of employees working in jobs with variable salaries. Finally, the data begin with 10 years of experience because that is the current number of in-state years of experience necessary for educators to vest within both the Illinois and Chicago pension systems

Interestingly, the gender-based inequity in pension value is not evenly distributed. Among elementary teachers, women earn slightly larger average pensions. But this is likely due to the fact that, on average, female elementary teachers have a marginally greater number of years of experience. That said, on a per-year-of-experience basis, the typical male elementary teacher earns a more valuable pension than his female peers. This pattern holds for teachers and administrators in elementary, middle, and high schools. Thus even in the instances in which it appears as though women earn more valuable pensions than men, such as elementary school administrators, they do so by working more years than their male colleagues.

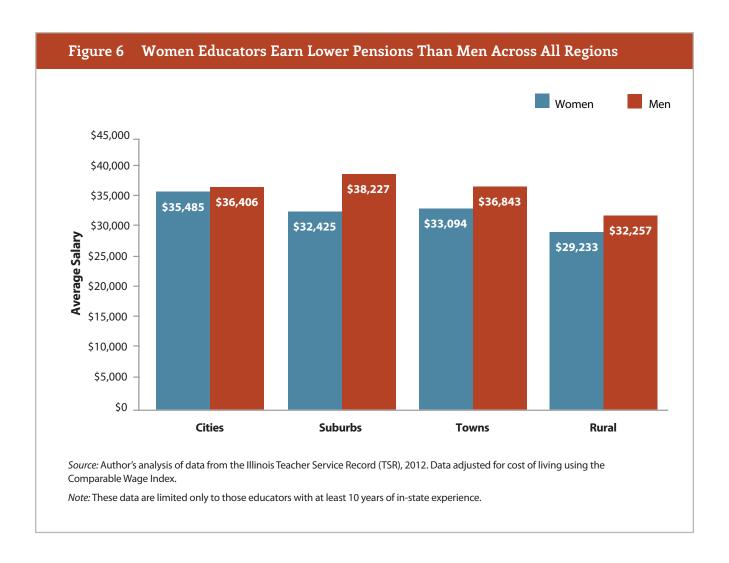
Table 4 Annual Estimated Pension Value by Gender and Job

	Women				Men			
	Count	Percent	Experience	Avg. Salary	Count	Percent	Experience	Avg. Salary
Elementary Teacher	23,627	90%	18.8	\$30,957	2,581	10%	18.1	\$30,583
Elementary Administrator	1,806	68%	20.5	\$49,788	835	32%	18.8	\$45,934
Middle School Teacher	7, 354	72%	18.1	\$30,078	2,858	28%	18.7	\$32,382
Middle School Administrator	384	43%	18.5	\$41,649	504	57%	18.1	\$42,157
High School Teacher	8,386	52%	18.2	\$34,102	7,761	48%	18.7	\$37,249
High School Administrator	424	35%	20.2	\$51,358	795	65%	19.3	\$50,025
Statewide	58,174	77%	18.8	\$32,971	17,998	23%	18.7	\$36,785

Source: Author's analysis of data from the Illinois Teacher Service Record (TSR), 2012. Data adjusted for cost of living using the Comparable Wage Index. Note: These data are limited only to those educators with at least 10 years of in-state experience.

In terms of educational attainment, women with at least 10 years of experience and a bachelor's degree earn annual pensions that are around \$1,200 less valuable than the comparison group of men. For those educators who hold a master's degree or higher, the disparities are much larger and even more strongly favor men. Among educators with a higher level of educational attainment, men qualify for pensions roughly \$4,250 more valuable than women.

As shown in Figure 6, when the pension data are disaggregated by urbanicity, the pattern of men earning more valuable pensions is consistent in all regions of the state. The larger gap is among Illinois' suburbs. In these districts, women earn an average annual pension that is nearly \$6,000 less valuable than that of men. This disparity occurs despite the fact that the average years of experience is more or less the same among suburban educators. The large gap in pension value in the state's suburbs drives a lot of the statewide inequity, since 46 percent of vested educators work in these districts compared with 30 percent in cities.



Overall, female educators in Illinois are poorly served by the state's pension systems. Since women typically earn lower salaries than men, they also earn less for their retirement. In the few instances in which women have higher average salaries than men, they often had to work longer to do so. This suggests that previous approximations of gender-based disparities in education salaries likely underestimated the problem if they did not include retirement contributions in their analysis.

As with salaries, there are significant gender-based pension inequities within each race.

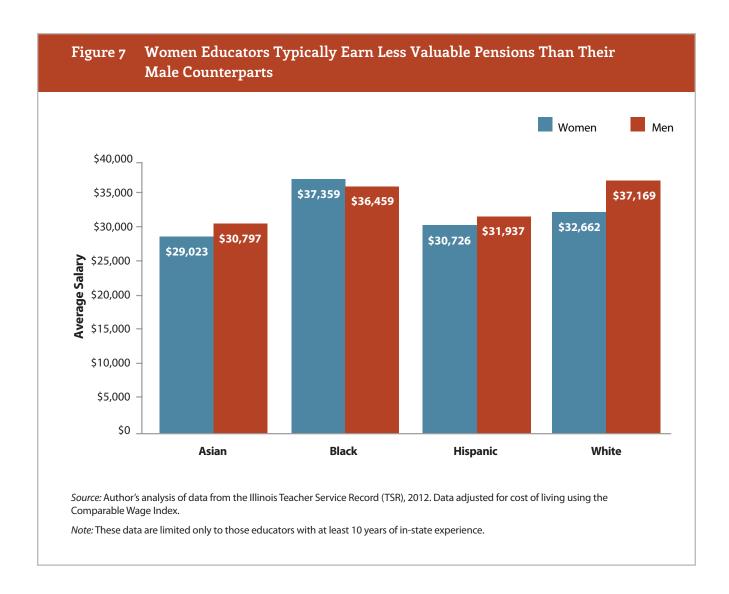
When it comes to race, the story is somewhat more complicated. Black educators for the most part qualify for slightly more valuable annual pensions than other educators. As mentioned earlier in the paper, this is likely due to the fact that the vast majority of these educators are concentrated in cities and suburbs, which pay higher

salaries. However, that changes after around 25 years of experience. At that point, Hispanic and white educators typically earn more valuable pensions until around year 33, when white educators overtake the other groups. One reason that white educators see their annual pension value grow beyond that of black and Hispanic educators is likely because men—who earn disproportionately higher salaries—comprise a larger share of educators with 25 years of experience among white educators than among either of the other groups of educators.

As with salaries, there are significant gender-based pension inequities within each race. As shown in Figure 7, both Asian men and women have the lowest annual pension value. But even though Asian men and women have roughly the same years of experience, women earn annual pensions that are around \$1,700 lower in value. Similarly, Hispanic women typically earn less valuable pensions despite having a slightly higher number of years of experience than Hispanic men. The gender-based pension gap among white educators is the largest disparity. Despite having the same years of experience, white men qualify for pensions that are worth an average of \$4,500 more than what white women earn.

Black educators don't fit this pattern. Although black women typically earn lower salaries than black men, they have more valuable annual pension benefits, on average. Black women earn an estimated annual pension of \$1,000 more than black men. This is likely caused, at least in part, by the fact that black women have, on average, an additional year of experience.

With few exceptions, the pension system in Illinois and Chicago does not work well for anyone, and it particularly disadvantages women. Statewide, only 50 percent of educators will meet the 10-year vesting requirement; only 26 percent earn a pension at least as valuable as their own contributions; and, finally, only 6 percent reach normal retirement age.¹⁹



But while the system poorly serves the majority of women, there are some winners. Black women, for example, appear to be comparative winners from this system. Their higher average pensions are influenced by the fact that, in Illinois, black women almost exclusively work in higher-paying districts. That said, black women also tend to work longer than many of their peers, which contributes to their higher pensions. Even though the state's and Chicago's pension system on the whole disadvantages women, it does work better for black women. Although education is a profession with gender- and race-based inequities in salary and retirement, it appears as though, at least in Illinois, it is a profession in which black women can earn a middle-class income, retire comfortably, and build transferable wealth for themselves and their families. That, at the very least, is a positive outcome of these pension systems.

Chicago Complicates the Issue

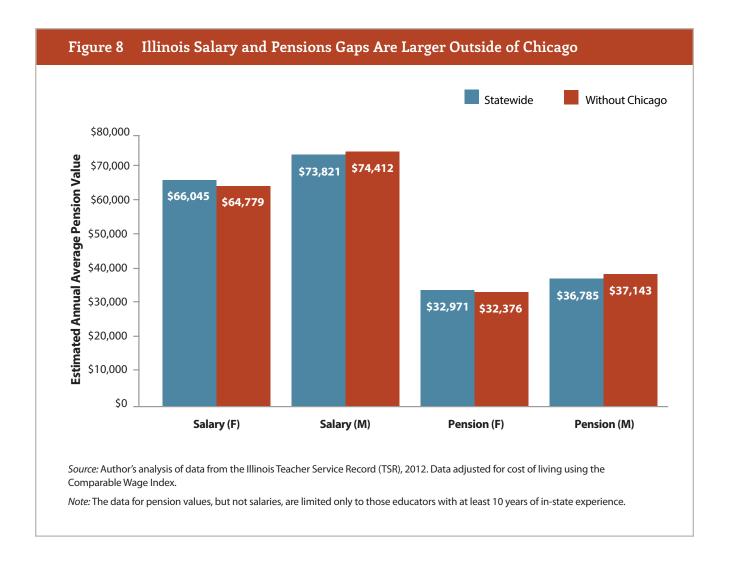
Approximately 18 percent of Illinois' educators in this data set work in Chicago Public Schools (CPS). This includes more than 60 percent of black, more than 50 percent of Hispanic, and nearly 50 percent of Asian educators. Considering that CPS operates its own pension system and it pays educators higher salaries than most other large urban school districts, it is worth analyzing salary and pension inequities excluding CPS. Additionally, since CPS employs the majority of the state's nonwhite educators, this analysis will help clarify how Chicago does or does not skew statewide averages.

Excluding Chicago results in both lower average salaries and pensions for women. The opposite is true for men. As shown Figure 8, excluding Chicago results in both lower average salaries and pensions for women. The opposite is true for men; their average salaries and pensions increase, albeit slightly, when CPS is not included in the analysis. More troubling, however, is that the statewide gender-based gap in salaries and pensions increases significantly. Statewide, female educators earn, on average, \$66,000,

compared with almost \$74,000 for men. Without CPS, the gender-based salary gap increases by 24 percent, from roughly \$7,775 to more than \$9,600. There is also significant change in gender-based pension gaps. The disparity grows by 25 percent from around \$3,800 to \$4,750. In the end, the gender-based inequity in salary and pension is far worse than the statewide averages suggest. Simply put, female educators in Illinois are underpaid and underserved by the state's retirement system.

Excluding CPS also changes differences in salary and pensions by race and ethnicity. Average salaries and pensions for white educators remain relatively constant whether CPS is included or excluded from the analysis. The same cannot be said for the state's Asian, black, or Hispanic educators. The average salaries for these educators drops by thousands of dollars outside of Chicago. Black and Hispanic educators in particular see a dramatic decrease of around \$7,000 in their average salaries. Lower salaries generally mean lower pensions. The average pension dropped by 13 percent for Hispanic educators and by 8 percent for black educators.

The lower average salaries and pensions outside Chicago have a disparate impact on women within each race and ethnicity analyzed in this study. These female educators earn average salaries and pensions that are below the average for their particular race or ethnicity. The gender-based gap within specific races and ethnicities grows beyond the statewide average when CPS is excluded.



Hispanic women, for example, earn an average salary of \$58,500, which is almost \$9,000 less than that of the typical Hispanic male educator. This is a 97 percent increase in the salary gap when Chicago is included. The change in pension value is even more severe: Female Hispanic educators see an average loss in annual pension value of \$4,500 and a 370 percent increase in the gap in pension value with male Hispanic educators.

For black women, the pattern is the same but with somewhat different outcomes. Without Chicago, black women see their average salary drop by \$6,000 from \$73,000 to \$67,000. Since there was near-parity in salary between black men and women statewide, this change marks a 500 percent increase in the gender-based salary disparity. Despite their lower average salaries,

black women earned somewhat more valuable annual pensions statewide. But outside of CPS, their \$2,000 advantage decreases to a mere \$530. So while black women are something of pension winners when looking across the entire state, much of their benefit is clustered in Chicago.

The effect of CPS on statewide differences in salary and pensions by gender and race is clear. CPS employs the majority of the state's nonwhite educators and pays them rather well, causing statewide inequities to appear smaller than they are for around 80 percent of educators in Illinois. Ultimately, female educators in Illinois earn lower salaries, which in turn produce lower pension benefits and can lead to dramatic differences in women's overall financial compensation for working as educators in the state.

Conclusion

Unfortunately, the fact that education is a field dominated by women does not appear, at least in Illinois, to insulate it from gender-based inequities in salaries or pensions. The state is afflicted by serious race-based disparities as well.

The fixes start with addressing salary inequities within and among districts in the state. This is, of course, no easy task. That said, states and districts must recognize that uniform salary schedules will not sufficiently guard against significant gender- or race-based salary disparities without a deeper look at sorting and promotional patterns. With that in mind, states and districts should consider a few steps to ensure that women and educators of color do not systematically receive less valuable salaries and thus less valuable pensions. States and districts should:

- » Analyze their salary data to determine if they pay educators similar salaries for similar performance.
- » Assess whether an educator's salary trajectory suffers unduly when they need to take time off, such as new or expecting mothers, to care for their family.
- » Consider their rules on where incoming educators are placed on the salary schedule and whether provisions capping the number of years of credited experience disadvantages certain groups of workers.
- » Evaluate promotion and leadership pipeline data and practices to identify race- or genderbased inequities.

This is not an exhaustive list of the various analyses states and districts should undertake to unpack how salaries and leadership positions are inequitably distributed. That said, they should use the outcome of these and other analyses to restructure their pay scale, as well as how they identify and attract people into higher-paying leadership roles.

Although Illinois recently passed legislation²⁰ to help address some of its pension problems, even their new approach won't ensure full equity. This is because the problem is rooted in salary-based inequities. Addressing gender- and race-based differences on the front end will in turn reduce retirement disparities and ultimately lead to greater parity in total compensation. Altogether, these reforms will help to ensure that education is a profession in which equal work earns equal pay and that educators earn sufficient retirement benefits that can secure their and their families' financial futures.

Endnotes

- ¹ US Congress, Joint Economic Committee Democratic Staff, *Gender Pay Inequality: Consequences for Women, Families and the Economy,* April 2016, https://www.jec.senate.gov/public/_cache/files/0779dc2f-4a4e-4386-b847-9ae919735acc/gender-pay-inequality----us-congress-joint-economic-committee.pdf.
- ² "Gender Differences in Voter Turnout," Center for American Women and Politics, July 20, 2017, http://www.cawp.rutgers.edu/sites/default/files/resources/genderdiff.pdf.
- ³ "Pay Equity & Discrimination," Institute for Women's Policy Research, last accessed January 19, 2017, https://iwpr.org/issue/employment-education-economic-change/pay-equity-discrimination/.
- ⁴ National Center for Education Statistics (NCES), "Table 211.10: Average Salaries for Full-Time Teachers in Public and Private Elementary and Secondary Schools, by Selected Characteristics: 2011¬–2012," Digest of Educational Statistics, last accessed January 19, 2017, https://nces.ed.gov/programs/digest/d13/tables/dt13_211.10.asp.
- ⁵ NCES, "Table 211.10."
- 6 Author's analysis of NCES ELSI data for this same year: https://nces.ed.gov/ccd/elsi/tableGenerator.aspx.
- Dylan Matthews, "Chicago Teachers Make More than the National Average," Washington Post, September 12, 2012, https://www.washingtonpost.com/news/wonk/wp/2012/og/12/chicago-teachers-make-more-than-the-national-average/?utm_term=. f5d6517439bd (this source is relevant to this analysis because it corresponds with the year of data used); Amy Korte, "Chicago Teachers Highest Paid Among Nation's 50 Largest School Districts," Illinois Policy (website), February 5, 2016, https://www.illinoispolicy.org/cps-pays-the-highest-salaries-of-any-of-the-50-largest-school-districts/.
- Note: Due to the construction of the TSR data set and the need to combine it with other district-level data, superintendents and other district-level personnel are almost entirely excluded from this analysis. Given that men disproportionately hold district leadership positions, it is likely their inclusion would increase the gender-based disparities in salaries and pensions.
- Denisa R. Superville, "Few Women Run the Nation's School Districts. Why?" Education Week, updated March 8, 2017, https://www.edweek.org/ew/articles/2016/11/16/few-women-run-the-nations-school-districts.html; National Center for Education Statistics (NCES), Jason Hill, Randolph Ottem, and John DeRoche, "Trends in Public and Private School Principal Demographics and Qualifications: 1987–88 to 2011–12," Stats in Brief, April 2016, https://nces.ed.gov/pubs2016/2016189.pdf. Note: While NCES found the percent of female school principals has increased to over 50 percent, it also finds that around three-quarters of public school teachers are women; this table (National Center for Education Statistics (NCES), "Table 209.10: Number and Percentage Distribution of Teachers in Public and Private Elementary and Secondary Schools, by Selected Teacher Characteristics: Selected Years, 1987–88 through 2011–12," Digest of Education Statistics, last accessed January 19, 2017, https://nces.ed.gov/programs/digest/d15/tables/dt15_209.10.asp?current=yes) suggests that women are still underrepresented in school leadership roles.
- 10 NCES, "Table 211.10."
- The vast majority of teachers are white. However, there is a considerable body of research demonstrating the benefits of students learning from teachers of their own race. Because the majority of students of color in Illinois attend school in a city, it is beneficial that most teachers of color also work there: Denise-Marie Ordway, "Minority Teachers: How Students Benefit from Having Teachers of Same Race," Journalist's Resource (website), Harvard Kennedy School Shorenstein Center on Media, Politics and Public Policy, updated May 22, 2017, https://journalistsresource.org/studies/society/education/minority-teachers-students-same-race-research.
- ¹² Michelle Reininger, "Hometown Disadvantage? It Depends on Where You're from: Teachers' Location Preferences and the Implications for Staffing Schools," Educational Evaluation and Policy Analysis, 2011.
- This will be true of any retirement system that is solely a function of salary (e.g., a defined contribution plan where an employer contributes a specific percentage of salary will also have this issue). The only exception to this is Social Security, which relies on a progressive formula to skew retirement benefits disproportionately toward lower-income workers.
- ¹⁴ In this analysis, only a single year of salary was used.

- ¹⁵ Commission on Government Forecasting and Accountability, "Illinois State Retirement Systems: Financial Condition as of June 30, 2014," February 2015, http://cgfa.ilga.gov/Upload/FinConditionILStateRetirementSysFeb2015.pdf.
- ¹⁶ Across the country, approximately 1 million teachers are not covered by Social Security: Leslie Kan and Chad Aldeman, "Uncovered: Social Security, Retirement Uncertainty, and 1 Million Teachers," TeachersPensions.org (website), December 18, 2014, https://www.teacherpensions.org/resource/uncovered-social-security-retirement-uncertainty-and-1-million-teachers.
- See, for example, Leslie Kan, Daniel Fuchs, and Chad Aldeman, "Pennies on the Dollar: How Illinois Shortchanges Its Teachers' Retirement," TeachersPensions.org (website), February 2016, https://www.teacherpensions.org/sites/default/files/Bellwether_TP_ Illinois_Final.pdf.
- While it's true that women, on average, have more years of retirement to collect those benefits, that advantage only applies to women who live well into their eighties and nineties. Even then, women must suffer through years of lower pay and lower pensions in exchange for the possibility of collecting their (smaller) benefits for a longer period of time.
- ¹⁹ "How Many Teachers Benefit from State Pension Systems, by State," EducationNext.org (website), last accessed January 19, 2017, http://educationnext.org/how-many-teachers-benefit-from-state-pension-systems-by-state-interactive/.
- ²⁰ Associated Press and Gaynor Hall, "Gov. Rauner Signs Sweeping School Funding Changes," WGN9.com (website), updated August 31, 2017, http://wgntv.com/2017/08/31/governor-rauner-set-to-sign-school-funding-overhaul/.

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