

**Comments before Senate Education Committee Hearing
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Thank you Chairman DeBar for the opportunity to address this hearing today. I will briefly discuss adjusting for cost-of-living differences across states in the context of public-school teacher salaries. Each year since 2008 the U.S. Bureau of Economic Analysis (BEA) has released along with its real income data regional price parities (RPPs) for all states. RPPs are measures that account for differences in the price level across states each year. By construction the value of the RPP for the United States equals 100.0 and the values for each state are expressed as percentages of the U.S. value. RPPs therefore represent a way of measuring the relative cost of living in each state.

The relative rankings among states typically change little from one year to the next, although the values of the RPPs of most states change slightly each year. Table 1 lists the values of the RPPs for each state according to BEA for 2019, the most recent year available. As is the case in most years, Hawaii had the highest RPP in 2019 among all states with a value of 119.3, up from the previous year. The interpretation of the RPP value of 119.3 means on average all items sold in Hawaii in 2019 cost 19.3 percent more than the U.S. average, giving Hawaii the highest cost of living among states for that year. The state with the lowest RPP value among all states in 2019 according to BEA was Mississippi. The value of the state's RPP in 2019 was 84.4, down slightly from the previous year. The interpretation of this value is that on average all items sold in Mississippi in 2019 cost 15.6 percent less than the U.S. average. Thus, according to BEA Mississippi had the lowest cost of living among all states in 2019. Moreover, BEA has calculated regional price parity values on an annual basis beginning in 2008, and in each year except 2018 the RPP for Mississippi has been the lowest or tied for lowest among all states. In 2018 the value of the state's RPP was smaller for all states and the District of Columbia except Arkansas.

A total of seventeen states had RPP values greater than 100.0 in 2019, which means their relative cost of living was higher than the U.S. average. States with some of the largest metropolitan areas in the country or that are relatively isolated tend to have higher RPP values because of the way BEA computes the RPP. The RPP calculation assigns weights to the values that make up an individual's total expenditures, and in general housing costs represent an individual's largest single expenditure. Thus, the primary reason the cost of living as measured by the RPP is relatively higher in states with large metropolitan areas or in states that are relatively isolated is the cost of housing in these areas is higher. More rural and less populated states and specifically Mississippi tend to have lower housing costs and therefore lower total RPP values. In fact, BEA also calculates RPPs for goods, effectively a subindex of the RPP for all items. The value of the RPP for goods for Mississippi in 2019 was 94.4, which means the costs of goods in the state is only somewhat below the U.S. average. Similarly, in another subindex the value of the RPP for other services in Mississippi in 2019 was 90.3. However, in the other subindex BEA computes the value of the RPP for rents in Mississippi was only 60.0, the lowest among all states. This value offers the primary explanation for why Mississippi has the lowest cost of living among states as measured by the RPPs.

The RPPs can be used to assess the purchasing power of salaries in different states. By dividing a salary in a particular state by that state's RPP and doing the same for equivalent salaries in other states, salaries can be compared across states as the adjustment equalizes the purchasing power. A salary in a

state with a RPP value over 100.0 will be adjusted down while a salary in a state with an RPP less than 100.0 will be adjusted up.

Table 2 lists the average annual salaries of public-school teachers by state for the 2019-20 year according to the National Education Association. Although the NEA is a labor union, it is recognized as a source of teacher salary data and other statistical information regarding public schools. As seen in the table, the average teacher salary in Mississippi of \$46,843 ranked last among all states and the District of Columbia. The average salaries of teachers in the states that border Mississippi ranked between 35 and 47 in 2019-20. Almost all states in the Southeast had average teacher salaries that ranked in the bottom half of all states, with the one exception of Georgia, which ranked nineteenth.

Table 3 presents the same salary data after adjusting for purchasing power using the RPPs. The average teacher salary in Mississippi increases to \$55,501 after this adjustment, which ranks forty-eighth among the adjusted salaries of all states and the District of Columbia. The average salary in Mississippi exceeds those of Hawaii, Arizona, and Florida, and is separated by less than \$1,000 from the next four highest average salaries. The relative rankings of the average salaries of the four states that border Mississippi experience greater improvements after adjustment using the RPPs, however. The ranks of these states range from 21 to 36 following adjustment.

The remaining tables provide additional perspectives on teacher salaries in Mississippi compared to other states. Table 4 lists the average annual base salary of public-school teachers by state according to the National Center for Education Statistics of the U.S. Department of Education, as reported in the National Teacher and Principal Survey for the 2017-18 year, the most recent available. The average base salary in Mississippi at the time of this survey was \$43,900, which ranked forty-sixth among the forty-nine states surveyed. The average base salary exceeded those of North Carolina, Arizona, and Oklahoma, and was \$400 less than the average base salary of West Virginia, the next largest. The rankings of the average base salaries of the four states that border Mississippi ranged from 32 to 43. Most states in the Southeast ranked in the bottom half of all states for average base salary with the exceptions of Georgia and Texas, which ranked twenty-second and twenty-fourth, respectively.

Table 5 lists the same salary data in Table 4 after adjusting for purchasing power using the RPPs for 2018. After adjustment the average base salary in Mississippi increases to \$51,285, which ranks thirty-seventh out of forty-nine states. The average base salary for Louisiana after adjustment ranks thirty-sixth and is \$51,525, only \$240 higher. The relative rankings for Arkansas, Alabama, and Tennessee after adjustment improve as well, increasing to 20, 21, and 27, respectively.

Finally, Table 6 lists the annual “take-home” salaries of public-school teachers with fifteen years of experience in 2019 for the sixteen states represented by the Southern Regional Education Board. The salary for Mississippi was \$27,126 and ranked fifteenth, ahead of only the salary for Kentucky. The ranks of the salaries for the states that border Mississippi range from 6 through 12. The salaries in Table 6 after adjusting for purchasing power using the RPPs for 2019 are listed in Table 7. After adjusting for purchasing power the annual “take home” salary in Mississippi is \$32,140, which ranks fourteenth out of sixteen states. This salary is greater than the salaries for Texas and Kentucky and is \$640 less than the salary in Oklahoma, the next largest among the sixteen states. Of the states that border Mississippi, only the rank of Alabama improves after adjusting for purchasing power. The state moves from 6 to 3 in the group of sixteen states. The states of Tennessee, Louisiana, and Arkansas remain ranked at 10, 11, and 12, respectively, among the sixteen states after adjusting for purchasing power.

In summary, adjusting for purchasing power allows for a more direct comparison of teacher salaries across states. Based on the sources presented here, after adjusting for purchasing power using the RPPs, the relative ranking of teacher salaries for Mississippi improves somewhat. However, the salary remains below those of surrounding states, which also mostly improve following adjustments for purchasing power.

Mr. Chairman, I again thank you for the opportunity to address this hearing and I will conclude my comments. I am glad to take any questions from the members.

Table 1. Regional price parities by state, all items, 2019.

State or DC	Index value
Hawaii	119.3
California	116.4
New York	116.3
New Jersey	116.0
District of Columbia	115.2
Massachusetts	110.4
Washington	108.4
Maryland	107.7
New Hampshire	106.5
Alaska	105.1
Connecticut	105.0
Vermont	103.1
Oregon	102.2
Colorado	101.9
Rhode Island	101.3
Virginia	101.3
Florida	101.0
Delaware	99.4
Maine	99.3
Minnesota	98.0
Illinois	97.4
Nevada	97.4
Pennsylvania	97.0
Texas	96.5
Utah	96.5
Arizona	96.3
Montana	93.5
Georgia	93.2
Wyoming	92.8
Michigan	92.3
Idaho	92.2
Wisconsin	91.9
North Carolina	91.7
South Carolina	91.5
New Mexico	91.1
Tennessee	89.7
Nebraska	89.5
North Dakota	89.3
Kansas	89.2
Iowa	89.0
Indiana	88.7
Missouri	88.7
Ohio	88.4
Louisiana	87.9
South Dakota	87.8
Kentucky	87.4
Oklahoma	87.2
West Virginia	87.1
Alabama	85.8
Arkansas	84.7
Mississippi	84.4

Source: U.S. Bureau of Economic Analysis.

Table 2. Estimated average annual salary of teachers in public elementary and secondary schools by state, 2019-20.

Rank	State or DC	Salary
1	New York	\$87,069
2	California	\$84,531
3	Massachusetts	\$84,290
4	District of Columbia	\$79,350
5	Connecticut	\$78,427
6	Washington	\$76,743
7	New Jersey	\$76,376
8	Rhode Island	\$75,336
9	Maryland	\$73,444
10	Alaska	\$72,010
11	Pennsylvania	\$70,339
12	Illinois	\$68,083
13	Oregon	\$67,685
14	Hawaii	\$65,409
15	Delaware	\$64,853
16	Michigan	\$63,568
17	Ohio	\$61,406
18	Vermont	\$61,108
19	Georgia	\$60,578
20	Wyoming	\$59,786
21	New Hampshire	\$59,622
22	Wisconsin	\$59,431
23	Minnesota	\$58,663
24	Iowa	\$58,184
25	Colorado	\$57,706
26	Virginia	\$57,665
27	Texas	\$57,090
28	Nevada	\$56,672
29	Maine	\$55,276
30	Nebraska	\$55,267
31	Utah	\$54,678
32	New Mexico	\$54,256
33	North Carolina	\$54,150
34	Oklahoma	\$54,096
35	Alabama	\$54,095
36	Kentucky	\$53,907
37	North Dakota	\$53,525
38	South Carolina	\$53,329
39	Idaho	\$52,875
40	Montana	\$52,135
41	Tennessee	\$51,862
42	Indiana	\$51,745
43	Louisiana	\$51,566
44	Kansas	\$51,320
45	Missouri	\$50,817
46	Arizona	\$50,782
47	Arkansas	\$50,456
48	West Virginia	\$50,238
49	Florida	\$49,102
50	South Dakota	\$48,984
51	Mississippi	\$46,843

Source: National Education Association, *Rankings of the States 2020 and Estimates of School Statistics 2021*.

Table 3. Estimated average annual salary of teachers in public elementary and secondary schools by state, 2019-20, adjusted for purchasing power.

Rank	State or DC	Salary
1	Massachusetts	\$76,350
2	New York	\$74,866
3	Connecticut	\$74,692
4	Rhode Island	\$74,369
5	California	\$72,621
6	Pennsylvania	\$72,514
7	Washington	\$70,796
8	Illinois	\$69,900
9	Ohio	\$69,464
10	District	\$68,880
11	Michigan	\$68,871
12	Alaska	\$68,516
13	Maryland	\$68,193
14	Oregon	\$66,228
15	New Jersey	\$65,841
16	Iowa	\$65,375
17	Delaware	\$65,244
18	Georgia	\$64,998
19	Wisconsin	\$64,669
20	Wyoming	\$64,425
21	Alabama	\$63,048
22	Oklahoma	\$62,037
23	Nebraska	\$61,751
24	Kentucky	\$61,678
25	North Dakota	\$59,938
26	Minnesota	\$59,860
27	Arkansas	\$59,570
28	New Mexico	\$59,557
29	Vermont	\$59,271
30	Texas	\$59,161
31	North Carolina	\$59,051
32	Louisiana	\$58,664
33	Indiana	\$58,337
34	South Carolina	\$58,283
35	Nevada	\$58,185
36	Tennessee	\$57,817
37	West Virginia	\$57,679
38	Kansas	\$57,534
39	Idaho	\$57,348
40	Missouri	\$57,291
41	Virginia	\$56,925
42	Utah	\$56,661
43	Colorado	\$56,630
44	New Hampshire	\$55,983
45	South Dakota	\$55,790
46	Montana	\$55,759
47	Maine	\$55,666
48	Mississippi	\$55,501
49	Hawaii	\$54,827
50	Arizona	\$52,733
51	Florida	\$48,616

Source: National Education Association, *Rankings of the States 2020 and Estimates of School Statistics 2021*. URC calculations.

Table 4. Average annual base salary of regular full-time public-school teachers by state, 2017-18.

Rank	State or DC	Salary
–	District of Columbia	N/A
–	Maryland	N/A
1	New York	\$79,900
2	California	\$76,500
3	Connecticut	\$74,400
4	Massachusetts	\$71,600
5	New Jersey	\$70,900
6	Rhode Island	\$70,800
7	Alaska	\$69,300
8	Pennsylvania	\$65,500
9	Illinois	\$64,000
10	Minnesota	\$61,900
11	Delaware	\$60,100
12	Michigan	\$59,300
13	Ohio	\$58,700
14	Oregon	\$58,100
15	Washington	\$57,600
16	Vermont	\$57,300
17	Virginia	\$56,600
18	New Hampshire	\$56,300
19	Hawaii	\$56,000
20	Wyoming	\$56,000
21	Nevada	\$54,200
22	Georgia	\$53,600
23	Wisconsin	\$52,500
24	Texas	\$52,200
25	Maine	\$52,100
26	Colorado	\$51,700
27	Iowa	\$51,500
28	Kentucky	\$50,600
29	North Dakota	\$50,400
30	Indiana	\$49,900
31	Utah	\$49,000
32	Tennessee	\$48,900
33	Alabama	\$48,200
34	Kansas	\$48,200
35	Arkansas	\$48,000
36	Missouri	\$47,900
37	Montana	\$47,600
38	Florida	\$47,400
39	New Mexico	\$47,100
40	Idaho	\$46,200
41	South Carolina	\$46,100
42	Nebraska	\$45,800
43	Louisiana	\$45,600
44	South Dakota	\$45,500
45	West Virginia	\$44,300
46	Mississippi	\$43,900
47	North Carolina	\$43,800
48	Arizona	\$42,700
49	Oklahoma	\$37,900

Source: U.S. Department of Education, National Center for Education Statistics, National Teacher and Principal Survey, 2017-18.

Table 5. Average annual base salary of regular full-time public-school teachers by state, 2017-18, adjusted for price levels.

Rank	State or DC	Salary
–	District of Columbia	N/A
–	Maryland	N/A
1	Rhode Island	\$70,871
2	Connecticut	\$70,521
3	New York	\$68,466
4	Pennsylvania	\$67,456
5	Ohio	\$66,328
6	California	\$65,835
7	Alaska	\$65,563
8	Illinois	\$65,440
9	Massachusetts	\$64,914
10	Michigan	\$64,247
11	Minnesota	\$63,357
12	New Jersey	\$61,068
13	Delaware	\$60,892
14	Wyoming	\$60,672
15	Kentucky	\$57,829
16	Iowa	\$57,606
17	Georgia	\$57,573
18	Wisconsin	\$57,127
19	Oregon	\$57,073
20	Arkansas	\$56,671
21	Alabama	\$56,112
22	Nevada	\$55,992
23	Indiana	\$55,942
24	Virginia	\$55,709
25	North Dakota	\$55,568
26	Vermont	\$55,256
27	Tennessee	\$54,759
28	Texas	\$54,093
29	Missouri	\$54,002
30	Kansas	\$53,556
31	Washington	\$53,039
32	New Hampshire	\$52,914
33	New Mexico	\$52,044
34	Maine	\$51,789
35	South Dakota	\$51,646
36	Louisiana	\$51,525
37	Mississippi	\$51,285
38	Montana	\$51,238
39	Nebraska	\$51,116
40	Utah	\$51,042
41	Colorado	\$51,037
42	South Carolina	\$50,659
43	West Virginia	\$50,513
44	Idaho	\$50,217
45	North Carolina	\$47,764
46	Hawaii	\$47,257
47	Florida	\$47,071
48	Arizona	\$44,295
49	Oklahoma	\$43,216

Sources: U.S. Bureau of Economic Analysis and U.S. Department of Education. URC calculations.

Table 6. Annual net or “take-home” salary of public-school teachers with 15 years of experience by selected state, 2019.

Rank	State or DC	Salary
1	Maryland	\$52,108
2	Delaware	\$45,954
3	Florida	\$38,228
4	Virginia	\$38,005
5	Georgia	\$37,866
6	Alabama	\$36,591
7	North Carolina	\$34,522
8	South Carolina	\$34,381
9	West Virginia	\$33,386
10	Tennessee	\$32,860
11	Louisiana	\$32,110
12	Arkansas	\$30,020
13	Oklahoma	\$28,749
14	Texas	\$27,983
15	Mississippi	\$27,126
16	Kentucky	\$23,929

Source: Southern Regional Education Board.

Table 7. Annual net or “take-home” salary of public-school teachers with 15 years of experience by selected state, 2019, adjusted for price levels.

Rank	State or DC	Salary
1	Maryland	\$48,383
2	Delaware	\$46,232
3	Alabama	\$42,647
4	Georgia	\$40,629
5	West Virginia	\$38,330
6	Florida	\$37,850
7	North Carolina	\$37,647
8	South Carolina	\$37,575
9	Virginia	\$37,518
10	Tennessee	\$36,633
11	Louisiana	\$36,531
12	Arkansas	\$35,443
13	Oklahoma	\$32,781
14	Mississippi	\$32,140
15	Texas	\$28,998
16	Kentucky	\$27,379

Source: Southern Regional Education Board. URC calculations.