
Teacher Salaries in 2023 and Beyond: Driving Downhill²

JUNE 2024

DANIEL MÜNICH, VLADIMÍR SMOLKA

Summary

- The development of teachers' salaries is determined by the development of a country's public education expenditures, specifically, the share of GDP spent on education. In the Czech Republic, share of GDP on education reached a historical peak in 2021, roughly corresponding to the average of EU27 and OECD countries. Since then, analyses of developments, the Medium-Term State Budget Outlook and the forecast of the Czech economy show that this share has been declining, will decline in 2024, and very likely will continue to decline in 2025 and 2026. The current Medium-Term State Budget Outlook does not take into account the new statutory anchoring of relative teacher salaries at 130% of average wages in the economy. If the share of education spending in GDP in 2025 were to return to the average of EU27 countries in 2021, spending would need to be about 40 billion higher than the current outlook for 2025, i.e., 15%.
- The relative amounts of teachers' salaries helps to define how attractive it is to enter the teaching profession, and can be a component in ensuring sufficient interest in teaching. Selectivity into teaching, both at entry and throughout a 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 a teaching 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, over decades rather than years.

² This study represents the authors' own views and not the official position of the Economics Institute of the Czech Academy of Sciences nor of the Charles University Center for Economic Research and Graduate Education (CERGE). We are grateful to the Ministry of Labour and Social Affairs for its approval to use ISPV data collected and managed by TREXIMA spol. s r. o. The authors are grateful to Karel Gargulák, Václav Korbel, and Miroslav Hřebecký and numerous others for their valuable comments and advice. We appreciate consultations on salary indicators kindly provided by the Department of Statistics at the Ministry of Education, Youth and Sports. Any remaining ambiguities or errors are the responsibility of the authors. The study was produced with support from the Czech Academy of Sciences under the AV21 Strategy research programme, Society in Motion.

- The originally political and now legal commitment to relative teacher salaries of 130% refers to the average wage in the Czech economy, while the OECD international comparison relates teacher salaries to the average wages of university-educated employees. However, the value of the Czech indicator of 130% roughly corresponds to the OECD indicator at the level of the OECD and EU27 average, which is 90%. In 2021, the Czech Republic reached 79%, while the OECD average was 90%. In 2023 and 2024, the Czech Republic started to move further below the OECD average.
- Teacher salaries, including school principals and other education management staff, relative to the overall average wage of all workers in the Czech economy, were very low until 2017, at about 106%. In 2021, thanks to unprecedented increases over those few years, they grew significantly, to 125%, though they did not reach the 130% level, and in 2022 and 2023 the trend reversed, with education wages falling to 115%. Indeed, teachers salaries rose by only 0.8% and 3.5%, while wages in the economy grew faster, by 5.3% and 7.5%. To date in 2024, the expected growth in teacher salaries is likely to again lag well behind expected growth of average wages in the economy.
- The outlook for 2025–2026 is difficult to predict. It will depend on the amount of the subsidy for teachers' salaries from the state budget, the amounts contributed from the budgets of municipalities and regions, the degree of redistribution of funds among schools, development of numbers of teachers, and development of the average wage in the economy. Based on the current forecast on growth of the economy by the Ministry of Finance of the Czech Republic, and the Medium-Term State Budget Outlook for 2025 and 2026, the nominal increases in 2026 compared to 2021 should be as follows: price level (+36.7%), nominal GDP (+37.4%), average wages in the economy (+33.0%), the budget of the Ministry of Education without EU funds (+14.5%) and its contribution to regional education (+14.9%).
- Simply maintaining the 2024 level of relative wages in 2025–2026 will require increases at the rate of nominal wage growth in the economy in those years, i.e., 5.5% and 4.7% respectively. Lower growth rates would mean a further decline towards the lowest relative teacher wages in the OECD, as they were before 2017. Reaching the OECD average in 2024 would require a 20–25% rise in teacher salaries. If relative teacher salaries were to reach the record level of 2021 in 2025, the budget would have to be CZK 26 billion higher than in 2023. If the OECD average were to be reached in 2025, the budget would have to be even higher, by CZK 31.7 billion. However, the Medium-Term State Budget Outlook for 2025 foresees year-to-year decrease of CZK 2 billion for the Ministry of Education, Youth and Sports.
- In 2023, the relative salaries of teachers of all age groups fell for the second year in a row. Salaries for the youngest teachers under 30 remain the most attractive. In contrast, the relative salaries of middle-aged teachers aged 30–49 remain the lowest. Teachers' salaries increase more slowly with age, or, more precisely, with years of experience, compared to those of most other professions that require a university degree (even in international comparisons), but they do increase throughout a teaching career. In addition to setting salary scales, the absence of regulation and quality standards for the performance of teachers at different stages of their careers contributes to this.

- Teacher salary variability remains low in the long term in national and international comparisons and does not correspond to differences in the quality of teachers' work. In addition to their level of education, teachers' pay is still dominated by tariffs, i.e., years of experience. Flat-rate salaries in education lead to 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 a very significant rise in the share of the extra tariff component of teachers' salaries between 2019 and 2021, there has been a slight decrease between 2022 and 2023, but wages are still higher than for comparable professions in the public sector. However, the share of the overhead component in 2023 was significantly lower than the 20% indicated in the revised government programme statement.