



*Great Public Schools for Every Child*

**STATEMENT OF**

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**ON BEHALF OF**

**THE NATIONAL EDUCATION ASSOCIATION**

**BEFORE THE**

**UNITED STATES SENATE**

**COMMITTEE ON FINANCE**

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TESTIMONY TO THE SENATE FINANCE COMMITTEE HEARING ON

“Realizing a Competitive Education: Identifying Needs, Partnerships, and Resources”

March 20, 2007  
10:00 a.m. Dirksen Senate Office Building

Chairman Baucus and Members of the committee:

Thank you very much for the opportunity to speak with you today about opportunities for this committee to make a real difference in ensuring great public schools for every child.

I am proud to be here today representing my 3.2 million colleagues – members of the National Education Association (NEA).

NEA is the largest professional association in the country, representing public school educators—teachers and education support professionals, higher education faculty, educators teaching in Department of Defense schools, students in colleges of teacher education, and retired educators across the country. While our membership is diverse, we have a common mission and values based on our belief that a great public school is not a luxury, but a basic right for every child.

I am also here to offer my unique perspective as a thirty-seven year veteran of the classroom. I currently teach second grade at Lewis and Clark Elementary in Great Falls, Montana, and have served on the Board of Public Education since 2000. I serve as a technology coordinator for my school district, helping educators infuse technology into their classrooms. I also have a special interest in meeting the needs of the students at the Montana School for the Deaf and Blind, having had numerous students placed with me over the years.

NEA members like myself go into education for two reasons—because we love children and we appreciate the importance of education in our society. We want all students to succeed. We show up at school every day to nurture children, to bring out their full potential, to be anchors in children’s lives, and to help prepare them for the 21<sup>st</sup> century world that awaits them.

There is a lot of good news about public education. Over the last twenty years:

- More children are attending full-day kindergarten.
- More students with disabilities are being educated in general education classrooms.
- High school students are taking a more challenging curriculum, with many more completing advanced math and science courses and taking AP courses and exams.
- SAT scores have gone up, even as many more students are taking the test.
- Almost all U.S. classrooms have Internet access.
- Students are safer at school.
- And more students are going to college, with more young adults completing four-year degrees, and more women earning college and graduate degrees.

Yet, my colleagues and I are the first to acknowledge that our public schools face many challenges. We have too many children on the other side of achievement, skills, and opportunity gaps. Too many of our neediest students are still being taught by uncertified and under-prepared teachers. We have unacceptable gaps in access to after school programs and extended learning time programs; gaps preventing students from accessing a rich and broad curriculum; and significant infrastructure and school environment gaps that hamper learning. These gaps are intolerable. They contradict everything this nation stands for, and they impede our future success.

Federal policy should support innovative approaches to making students' educational experience engaging and relevant to them. The world has changed dramatically since enactment of the Elementary and Secondary Education Act of 1965, and thus our public schools must also change. Technology has transformed not only our economy, but the world's economy. A wonderful benefit of this transformation is that all nations are more globally interdependent.

Our schools need to reflect the world in which our children live: a world infused with a 21st century curriculum. They need to help students become well-rounded individuals with skills to compete in a changing world and contribute to the rich, diverse societal fabric that makes our country so impressive. Ultimately, an educational experience that is more relevant to a student is going to be more engaging and will lead to greater knowledge and skills. A rich, relevant, and challenging experience can help address all students' needs. It can captivate and challenge our gifted students, while also providing a positive influence for students at risk of dropping out or engaging in high-risk behaviors.

We believe that all public schools should have:

- Quality programs and services that meet the full range of all children's needs so that they come to school every day ready and able to learn;
- High expectations and standards with a rigorous and comprehensive curriculum for all students;
- Quality conditions for teaching and lifelong learning;
- A qualified, caring, diverse, and stable workforce;
- Shared responsibility for appropriate school accountability by stakeholders at all levels;
- Parental, family, and community involvement and engagement;
- Adequate, equitable, and sustainable funding;

Today, I would like to offer some ideas on how this committee, with its jurisdiction over tax and revenue policy, can help address some of these issues. I want to commend you, Chairman Baucus, for your continuing work in this area. For example, your *Education Competitiveness Act*, introduced in the last Congress, contained a number of innovative ideas for addressing educational quality, including funding for programs encouraging elementary and secondary school teachers to serve in rural or underserved areas and voluntary universal prekindergarten programs focusing on child development.

I will focus today on several key areas in which this committee can make a real difference: teacher salaries; tax incentives to attract and retain the highest quality educators; school modernization efforts to ensure every student a world-class learning environment; and retirement security to reward, rather than penalize, those who have dedicated their lives to educating our nation's children.

## **I. Educator Salaries**

Ensuring a highly qualified teacher in every classroom is critical to closing achievement gaps and maximizing student learning. In fact, no single factor will make a bigger difference in helping students reach high academic standards than ensuring quality teachers.

Unfortunately, difficulty in attracting quality teachers, and the high turnover rates of those who do choose to work in hard-to-staff schools, severely hamper the ability to maintain a high-quality teaching and learning environment. Approximately one-third of the nation's new teachers leave the teaching profession during their first three years of teaching, and almost one-half leave during their first five years of teaching. Turnover in low-income schools is almost one-third higher than the corresponding rate for all teachers in all schools.

We have asked our nation's educators to take on the most important challenge in ensuring America's future. Yet, we have denied these educators economic security and respect. For example:

- According to a recent study by the National Association of Colleges and Employers, the teaching profession has an average national starting salary of \$30,377. Meanwhile, computer programmers start at an average of \$43,635, public accounting professionals at \$44,668, and registered nurses at \$45,570.
- A recent report from the NEA Research department (Teacher Pay 1940 – 2000: Losing Ground, Losing), which is based on US census data, finds that annual pay for teachers has fallen sharply over the past 60 years in relation to the annual pay of other workers with college degrees. The report states that, "Throughout the nation the average earnings of workers with at least four years of college are now over 50 percent higher than the average earnings of a teacher."
- An analysis of weekly wage trends by researchers at the Economic Policy Institute shows that teachers' wages have fallen behind those of other workers since 1996, with teachers' inflation-adjusted weekly wages rising just 0.8 percent, far less than the 12 percent weekly wage growth of other college graduates and of all workers. Further, a comparison of teachers' weekly wages to those of other workers with similar education and experience shows that, since 1993, female teacher wages have fallen behind 13 percent and male teacher wages 12.5 percent (11.5 percent among all teachers). Since 1979 teacher wages relative to those of other similar workers have dropped 18.5 percent among women, 9.3 percent among men, and 13.1 percent among both combined.
- Across the nation, teachers are losing spending power for themselves and their families as inflation outpaced increases in teacher salaries last year. According to the NEA update to the annual report titled, "Rankings and Estimates: Rankings of the States 2004 and Estimates of School Statistics 2005," inflation increased 3.1 percent over the past year, while teacher salaries increased by only 2.3 percent.

These national statistics are reflected in Montana. According to school accreditation reports my Board of Public Education received just last week, our state faces a significant shortage of library media specialists, music teachers, school speech pathologists, and school psychologists. Many of our smaller schools received accreditation with advice because of mis-assigned teachers. Montana is having real trouble competing with other states in attracting and retaining teachers,

including our neighbor to the south, Wyoming, where the salary schedule is many thousands of dollars higher. Studies show that 75 percent of graduates from our teacher education programs leave the state.

We believe it is time for the federal government to step up and address this untenable situation. Congress should reward states that set a reasonable minimum starting salary for teachers and a living wage for support professionals working in school districts that accept federal funds. NEA recommends that all teachers in America enter the classroom earning at least \$40,000 annually and that all education support professionals start their careers earning at least a living wage. NEA has education support professional members who live in shelters, others who work two and three jobs to get by, and others who receive food stamps. This is an unacceptable and embarrassing way to treat public servants who educate, nurture, and inspire our children.

NEA also supports advancing teacher quality at the highest poverty schools by providing \$10,000 federal salary supplements to National Board Certified Teachers. Congress also should fund grants to help teachers in high poverty schools pay the fees and access professional development supports to become National Board Certified Teachers.

## **II. Tax and Other Financial Incentives**

### Recruiting Educators to Hard-to-Staff Schools

Often those schools with the greatest needs, and consequently the most challenging working conditions, have the most difficulty retaining talented teachers, particularly given the resources and benefits available in more affluent areas. According to the Education Commission of the States (ECS), many hard-to-staff schools are high-poverty inner-city schools or rural schools that, as a consequence of their location in economically depressed or isolated districts, offer comparatively low salaries and lack the amenities with which other districts attract teachers. Typically, such schools have high turnover rates and a high percentage of relatively new teachers because more experienced teachers, whose seniority gives them greater choice in their teaching assignment, tend to go elsewhere.

There are a number of approaches Congress can take to addressing these issues. Many such approaches, including mentoring programs and access to ongoing professional development, should be part of the larger reauthorization of the No Child Left Behind Act. However, NEA believes that the Finance Committee can play a critical and immediate role in attracting and retaining a quality teaching force by using the tax code to creative incentives to enter and remain in the profession.

For example, NEA strongly supports federal legislation such as the *Teacher Tax Credit Act* introduced in the 109<sup>th</sup> Congress by Representative Heather Wilson (R-NM). Representative Wilson's bill would provide a non-refundable tax credit to educators who work at school-wide Title I eligible schools. As a result, it would help hard-to-staff schools in rural and inner city areas retain the quality teachers they need to succeed.

Representative Wilson has indicated an interest in reintroducing her legislation in this Congress. We hope the Senate, through this committee, will also propose and act on similar incentives.

In addition, you should consider other financial incentives to attract and retain quality teachers in hard-to-staff schools including financial bonuses, college student loan forgiveness, and housing subsidies.

### Recognizing Educators' Financial Sacrifices

NEA also supports legislation to increase, expand, and make permanent the tax deduction for educators' out-of-pocket classroom supply expenses.

The educator tax deduction helps recognize the financial sacrifices made by teachers and paraprofessionals, who often reach into their own pockets to purchase classroom supplies such as books, pencils, paper, and art supplies. Studies show that teachers are spending more of their own funds each year to supply their classrooms, including purchasing essential items such as pencils, glue, scissors, and facial tissues.

For example, NEA's 2003 report *Status of the American Public School Teacher, 2000-2001* found that teachers spent an average of \$443 a year on classroom supplies. More recently, the National School Supply and Equipment Association found that in 2005-2006, educators spent out of their own pockets an average of \$826.00 for supplies and an additional \$926 for instructional materials, for a total of \$1,752.

Over the past three years, I averaged \$2,200 out of my own pocket to pay for needed classroom supplies. I spend this money because I know my students need the supplies and I would not otherwise be able to give them the education they deserve. In my school, teachers' personal expenditures range from a low of \$500 a year (a new teacher with a family to support on the low Montana starting salary) to my high of over \$2,000. In what other profession would employees routinely pay for the essential tools of the trade without reimbursement? Why do we continue to shortchange our schools, leaving them without the necessary resources, and then expect our low-paid teachers and education support professionals to make up the difference?

The educator tax deduction has expired twice since its initial creation and has been extended each time. The deduction is set to expire again at the end of the 2007 tax year. Failing to make the deduction permanent has created unnecessary uncertainty and complication. In fact, because tax forms for the 2006 tax year were printed prior to the last-minute extension of the deduction last year, some educators may not even know of its continued availability.

Senators Collins (R-ME) and Warner (R-VA) have been strong advocates for expanding and increasing the educator tax deduction. They have introduced the NEA-supported *Teacher Tax Relief Act of 2007* (S. 505), which would increase the current deduction from \$250 to \$400 and make it permanent. Representative Camp (R-MI) has introduced companion legislation in the House (H.R.549). Both the Collins/Warner and Camp bills would also extend the deduction to cover out-of-pocket professional development expenses. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21<sup>st</sup> century.

NEA strongly encourages this committee to move the Collins/Warner bill quickly through mark-up and to work with the Senate leadership to bring the bill forward for debate and passage.

### **III. School Modernization**

America's schools are in desperate need of repair and renovation. Across the country, students learn in overcrowded classrooms with peeling paint, leaking roofs, and faulty wiring. Some schools hold classes in "temporary" trailers, converted closets, and hallways. Too many students attend schools that lack basic electrical and telecommunications equipment necessary for connection to the Internet or the use of new education technologies. Students attending public

schools in less than adequate condition face not only direct impacts on their academic achievement, but also significant dangers to their personal health and safety.

Modern schools clearly impact student achievement. Studies document the link between school building conditions and student learning. A 1996 study by the Virginia Polytechnic Institute and State University found a significant difference in academic achievement between students in substandard classrooms and demographically similar children in a first-class learning environment. Similarly, a 1995 study of North Dakota high schools found a positive correlation between school condition and both student achievement and student behavior. A 1995 study of overcrowded schools in New York City found students in such schools scored significantly lower on both mathematics and reading exams than did similar students in underutilized schools.

Unsafe and inadequate school facilities also impact classroom order and discipline. Modern, safe environments encourage learning and discourage disruptive behavior, while overcrowded classrooms make it more difficult to maintain classroom order.

In Montana, we do not see much in the way of new school construction or modernization. In fact, our outdated infrastructure and inadequate school facilities are impeding our ability to implement strategies proven to increase student learning. For example many of our older schools need to be updated to meet the needs of advancing technology. Many of our K-2 classes are overloaded because we are trying to keep class size down. And, many Montana schools are having trouble finding room for increased numbers of kindergarten students as we are trying to implement full day kindergarten.

#### Qualified Zone Academy Bonds (QZABs)

This committee can help address school infrastructure gaps by strengthening the recently reauthorized Qualified Zone Academy Bond program. We appreciate the work of Chairman Baucus and Senators Grassley, Rockefeller, Conrad, and Lincoln for extending this vital program which is the only existing federal program assisting local school districts with school facility repairs and modernization. The QZAB program permits school districts with low-income populations to save on interest costs associated with financing school renovations and repairs. Currently, QZABs cannot be used for new construction, but can be used for:

- Renovating and repairing buildings
- Investing in equipment and up-to-date technology
- Developing challenging curricula
- Training quality teachers

QZABs also encourage schools and businesses to cooperate in innovative ways that expand students' learning opportunities and help schools prepare students with the kinds of skills employers and our nation need to compete in the global economy.

Schools usually fund large projects, like building renovation or construction, through debt mechanisms such as tax-exempt bonds or loans. School districts then pay a substantial amount of interest on this debt. For schools serving low income students, QZABs reduce the burden of interest payments by giving financial institutions holding the bonds a tax credit in lieu of interest. The school district must pay back the amount of money it initially borrowed, but does not have to pay any interest—typically about half the cost of renovating a school. Each state is allotted an

amount of money its schools may borrow using QZABs. The program's current authorized funding is \$400 million annually.

States have the flexibility to choose their own processes to award bond authority to qualified schools. A qualified school is one that is located in an Empowerment Zone or Enterprise Community *or* has at least 35 percent of its students eligible for free or reduced price school lunch. The two alternative criteria allow both rural and urban schools serving poor children to benefit from QZABs.

The QZAB program has proven to be an efficient and cost effective tool for helping school districts meet a small portion of their infrastructure needs. It uses a relatively small public investment to leverage significant private sector resources and market forces to accomplish an essential public good. We do, however, recommend several significant changes to the program. These changes are essential given the scope and urgency of the school infrastructure needs, particularly in states affected by Hurricane Katrina and other natural disasters. Many of these changes were included in legislation proposed by Senator Conrad and other Finance Committee members in the 108<sup>th</sup> and 109<sup>th</sup> Congresses.

### **1. Expand the investor market**

When Congress authorized the QZAB program in 1997, it severely limited the market for the bonds. A local government's bond issue can be purchased only by banks (within the meaning of Internal Revenue Code section 581), insurance companies (to which subchapter L of the Internal Revenue Code applies), and corporations actively engaged in the business of lending money. As of 2003, Bank of America was the market leader in QZAB financing nationwide. However, according to the Bond Market, the limited number of potential investors is a problem because it eliminates individual and institutional investors for whom the tax credits are very attractive as well as significant sources of investment funds such as public and private sector pension plans.

### **2. Raise the current funding cap**

Congress has authorized \$400 million for the QZAB program in each year since its inception. Yet, Congress has repeatedly rejected expanding the program or authorizing additional bonds. According to the American Association of State Highway and Transportation Officials, the average issue under the QZAB program is below \$10 million. In 2000, the Bond Market Association called the \$400 million amount "small" and told Congress that the

"small size and short term of the program results in several problems. First, it is difficult for bond issuers, attorneys, underwriters, investors and others associated with municipal bond transactions to commit resources to developing expertise on a new and unknown financing vehicle when very little issuance will be permitted to take place. Second, the small issuance volume has resulted in no significant secondary market for QZABs. A lack of market liquidity discourages investors and raises costs for issuers."

### **3. Make the tax credit "strippable"**

"Strippability" refers to the separation of interest (also known as the coupon) from the principal of a bond. In the case of tax credit bonds, the tax credit would be "de-coupled" from the underlying bond and marketed separately, making the bonds easier to sell.



Under the current QZAB program, the bond principal and tax credit cannot be stripped or traded separately.

Making the QZAB tax credit strippable would open a new market for the tax credits and make selling bonds less dependent upon finding investors with pockets deep enough to buy the principal amount and those that can use the tax credit. The change would help develop a secondary market for the bonds and potentially reduce discount costs, making more of the proceeds available for school related expenses.

#### **4. Make new school construction eligible**

Under current law, QZABs may be used for school building repair and renovation but not for new school building construction. Adding the latter category would make the program more flexible, and would help address the significant need for new school facilities in districts with overcrowded school buildings, as well as in areas hit by natural disasters such as Hurricane Katrina.

The Committee can address these issues and can also assist states and local school districts in building newer, more modern schools by considering the *America's Better Classrooms Act* sponsored by Senator Rockefeller. This legislation will strengthen the already effective QZAB program and will significantly broaden the ability of school districts and local communities to build the new, modern school facilities essential to a world-class 21<sup>st</sup> century education system.

## **IV. Retirement Security**

### Social Security Offsets

I would like to conclude my testimony by addressing educator retirement security—an issue that is inextricably linked to maximizing student learning and fulfilling every child's right to a great public school.

As I discussed earlier, helping every student succeed requires attracting and retaining the highest quality teaching force. Yet, current Social Security law is undermining these efforts by penalizing those who choose to enter public service. In particular, two offsets—the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) unfairly reduce the Social Security and Social Security survivor benefits certain public employees may receive.

The Government Pension Offset reduces Social Security spousal or survivor benefits by two-thirds of the individual's public pension. Thus, a teacher who receives a public pension for a job not covered by Social Security will lose much or all of any spousal survivor benefits she would expect to collect based on her husband's private sector earnings. Nationwide, more than one-third of teachers and education employees, and more than one-fifth of other public employees, are not covered by Social Security, and are, therefore, subject to the Government Pension Offset.

The Windfall Elimination Provision reduces the earned Social Security benefits of an individual who also receives a public pension from a job not covered by Social Security. The WEP penalizes individuals who move into teaching from private sector employment, or who seek to supplement their often insufficient public wages by working part-time or in the summer months in jobs covered by Social Security.

Educators enter the profession often at considerable financial sacrifice because of their commitment to our nation's children and their belief in the importance of ensuring every child the opportunity to excel. Yet, many of these dedicated individuals are unaware that their choice to educate America's children comes at a price – the loss of benefits they earned in other jobs.

While I am not personally impacted by these unfair offsets, many of my colleagues across the country are. The impact on them as individuals is devastating, but the impact on the education profession, and consequently on the success of our students and the future of our nation, is equally troubling.

The GPO and WEP are impacting the recruitment of quality teachers. Simply put, at the same time that policymakers are encouraging experienced people to change careers and enter the teaching profession, individuals who have worked in other careers are less likely to want to become teachers if doing so will mean a loss of Social Security benefits they have earned. Some states seeking to entice retired teachers to return to the classroom have found them reluctant to return to teaching because of the impact of the GPO and WEP. In addition, current teachers are increasingly likely to leave the profession to reduce the penalty they will incur upon retirement, and students are likely to choose other course of study and avoid the teaching profession.

The offsets will particularly hinder efforts to recruit new math and science teachers from the private sector. Many private sector mathematicians and scientists willingly accept the loss of salary inherent in moving from the private sector into teaching. They do so because they want to make a difference in the lives of children and they want to ensure our nation's competitiveness in the 21<sup>st</sup> century. But, they will not knowingly jeopardize their retirement security. Every day, NEA receives calls and letter from such individuals, who are learning too late about the penalties they face—the loss of Social Security benefits they earned— simply because they have chosen to leave the private sector and become teachers.

If Congress is serious about encouraging professionals from the private sector to move into teaching, or about encouraging members of the armed forces to consider teaching when they leave the military, you have to repeal the offsets. Most importantly, if you are serious about fulfilling the basic right of every child in America to a great public school, you have to repeal the offsets.

Senators Feinstein (D-CA) and Collins (R-ME) and Representatives Berman (D-CA) and McKeon (R-CA) have introduced the *Social Security Fairness Act* (S. 206/H.R. 82), which would completely repeal the GPO and the WEP. Both bills have garnered considerable bipartisan support, yet have failed to move. I urge this committee to take immediate action on this important legislation.

#### Mandatory Social Security Coverage

I would like to caution the committee that NEA's support for repeal of the Government Pension Offset and Windfall Elimination Provision should not in any way be interpreted as support for requiring public employees to participate in Social Security. NEA strongly opposes mandatory coverage. Instead, NEA simply believes that educators should be able to receive the benefits they or their spouse earned by working in covered employment, without jeopardizing their public pension.

Many existing public employee programs are tailored to meet the needs of specific employee groups. Forcing educators into Social Security would jeopardize these state and local plans. In

addition, Social Security trust funds can be invested only in U.S. Treasury bonds. State and local governments permit a greater diversity of investment options, thereby potentially achieving a greater rate of return.

Mandatory coverage of educators would also increase the tax burden on public-sector employers. Ultimately, these increased tax obligations would lead to difficult choices, including reducing the number of new hires, limiting employee wage increases, reducing cost-of-living increases for retirees, and reducing other benefits such as health care.

Finally, mandating coverage of educators will not solve the Social Security system's financial difficulties. The amount of money gained by mandating coverage would be relatively small and would not solve the long-term Social Security crisis. Requiring new state and local employees to pay into Social Security would enable the federal government to continue borrowing money from Social Security trust funds, and, therefore, could exacerbate financing problems.

## **V. Conclusion**

I would like to sum up my testimony today by reminding the committee of the important role you can play in building the world-class education system that all of our children deserve – no matter where they live or what their family circumstances.

On behalf of the National Education Association's (NEA) 3.2 million members, I urge this committee to act as quickly as possible on bills to:

- Set a reasonable minimum starting salary for teachers and a living wage for support professionals working in school districts that accept federal funds;
- Provide tax incentives to educators working in hard-to-staff schools;
- Increase, expand, and make permanent the educator tax deduction;
- Strengthen the Qualified Zone Academy Bond program,;
- Broaden Support for School Modernization through the *America's Better Classrooms Act*; and
- Repeal the Government Pension Offset and Windfall Elimination Provision.

I thank you for the opportunity to speak with you today. I, and the entire membership of the National Education Association, look forward to continued dialogue and action on these important issues.