

Estimated Costs of Teacher Turnover in Oregon Using Two Methodologies

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The costs associated with teacher turnover can be considerable, but to date there does not appear to be a widely accepted estimate of their financial impact on school districts. In general for all industries, turnover costs include various direct costs such as advertising, headhunter fees, interviewing time, severance pay, bonuses to new hires, paperwork costs, and paying for temporary workers to fill in for the employee that left. They also includes large indirect costs, such as the cost of reduced output, lower quality work, and the effects of decreased morale on other workers.

The literature reports a wide range of costs assigned to teacher turnover. In August 2005, the Alliance for Excellent Education estimated this impact assuming that turnover costs equalled 30 percent of a leaving teacher's salary.¹ However, this estimate appears to come from Department of Labor estimate that applies to all occupations. The teaching profession has several characteristics that appear to be associated with a lower than average turnover rate.

For Oregon public schools, teacher turnover costs are probably less than the 30 percent cited in the Alliance study. A 2000 Texas Center for Educational Research study that specifically counted the cost of turnover at public schools found that the cost of teacher turnover was approximately 20 percent of each leaving teacher's salary.²

Below we present aggregated estimates of turnover costs for the twelve Oregon school districts involved in the CLASS (Creative Leadership Achieves Student Success) project, as well as for the entire state, using the percentage estimates from both the Alliance and the Texas analyses. We caution against applying this methodology to an individual school district in Oregon, because districts vary widely in their new teacher intake procedures and in their administrative cost structures.

Using the Alliance assumptions, the total estimated costs of teacher turnover in these districts in 2005-06 amount to about \$8.9 million (in 2010 dollars). Using the Texas assumptions applied to the same number of separated teachers and salaries, the estimated costs of teacher turnover amounted to about \$6.0 million, for a difference of about \$2.9 million. ECONorthwest considers the Texas estimate to be more reasonable, and we note that total human resource department expenditures reported to the ODE by these twelve districts in 2005-06 were only \$6.5 million (\$7.3 million in 2010 dollars).

Statewide, about 28,200 full-time equivalent teachers were employed in 2005-06. Using the Alliance assumption, turnover costs for the 2005-06 school year amounted to \$59.4 million (in 2010 dollars), and using the Texas assumption teacher turnover cost the state \$40.0 million (in 2010 dollars), a difference of about \$20 million.

¹ Alliance for Excellent Education, August 2005, Oregon Department of Education, Social Security Administration, and the 2000 Census.

² Benner, A.D. "The cost of teacher turnover." [Texas Center for Educational Research](#). Austin, Texas. 2000

**Estimate of 2005-06 Turnover Costs Using Alliance for Excellent Education and Texas Center for Educational Research Methodologies
(in 2010 dollars)**

	12 CLASS Districts	Oregon
Total number of teachers (2005-06)	3,938	28,204
Average separation rate	15.2%	12.5%
Estimated separations in 2005-06	600	3,526
Average annual teacher's salary (in 2010 dollars)	\$48,425	\$56,133
Alliance estimate per teacher (30% of annual salary)	\$14,527	\$16,840
Total turnover costs based on Alliance estimate	\$8,716,469	\$59,368,540
Texas estimate (20% of annual salary)	\$9,685	\$11,227
Total turnover costs based on Texas estimate	\$5,810,979	\$39,579,026
Alliance-Texas difference per teacher	\$4,842	\$5,613
Alliance-Texas difference in total	\$2,905,490	\$19,789,513

Notes: Teacher FTE and average salary data came from the Oregon Department of Education, <http://www.ode.state.or.us/data/reports/>. The average turnover rate for CLASS districts was calculated from ODE data, although some CLASS districts reported slightly different total teacher FTEs and/or separations than the original ODE data. Oregon turnover rate based on the national average teacher turnover rate as estimated by the National Commission on Teaching for America's Future http://www.nctaf.org/resources/teacher_cost_calculator/district_calc.asp?clear=yes.