



IN THE CONGRESS OF THE UNITED STATES

FEBRUARY 28, 2021

Mr. Toby (for himself, Ms. Ginsburg, Mr. Iltutmish, Mr. Moran)
introduced the following bill;

A BILL

To amend the Internal Revenue Code of 1986 to create a refundable teacher tax credit

*Be it enacted by the Senate and the House of Representatives of the United States of
America in Congress Assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Teacher Pay Act”

SEC. 2. FINDINGS.

Congress finds that—

- (a) In 2018, public school teachers made 21.4 percent less than workers with similar education and experience, and the average weekly wage of public school teachers hasn't increased since 1996.
- (b) Teachers are 30% more likely than non-teachers to have a second job to help them make ends meet.
- (c) Teacher turnover is about 16% each year, and around 8% of teachers annually leave the profession entirely. In addition, within the U.S, teacher turnover is lowest in the Northeast (10.3%) where pay is higher.
- (d) There is a \$4,000 gap between teachers working in the highest-poverty schools and the lowest-poverty schools

- (e) In one study, a 10% increase in teacher pay was estimated to produce a 5 to 10% increase in student performance.
- (f) The value of the tax credit would close the gap between teacher salary and the average salary of all graduate students. Furthermore, the proposed tax credit would likely increase the available supply of teachers who want to work in high-poverty schools, achieving greater equity and improved education.

SEC. 3. DEFINITIONS.

In this Act—

- (a) **TURNOVER.**— The rate at which employees leave a workforce and are replaced.
- (b) **TAX CREDIT.**— An amount of money taxpayers can subtract directly from taxes owed to the Government.
- (c) **POVERTY LINE.**— An estimated minimum level of income needed to secure the basic necessities of life.

SEC. 4. Federal Tax Credit for Teachers in High-Poverty Schools.

- (a) **IN GENERAL.**— Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

SEC. 36C. TEACHER CREDIT

Allowance of Credit — In the case of an individual who is a qualifying teacher, there shall be allowed as a refundable credit against the tax imposed by this chapter for the taxable year an amount equal to \$10,000.

- (1) A \$10,000 tax credit is equivalent to just under a 20 percent raise for a teacher at the national average.
- (b) **Definitions** — For purposes of this section —
 - (1) **QUALIFYING TEACHER** — The term ‘qualifying teacher’ means, with respect to a taxable year, an individual who—
 - (a) Teaches in a school where 75 percent of students come from families whose income falls below 185 percent of the poverty line.
 - (2) **PHASE OUT** — The value of the tax credit shall decline by \$400 for each percentage point under 75 percent of students that come from the aforementioned circumstances, to a minimum of 50 percent of students that come from the aforementioned circumstances.

(c) Effective Date — This section shall come into effect on January 1st, 2022.

SEC. 5. CLERICAL AMENDMENT

The table of sections for subpart C of part IV of subchapter A of chapter 1 of 26 U.S.C. is amended by adding at the end the following new item:

‘Sec. 36C. Teacher credit.’

SEC. 6. ENACTMENT

- (a) The provisions of this bill shall go into effect immediately after its enactment into law unless otherwise provided.
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