



SUNLIGHT
POLICY CENTER
— OF NEW JERSEY —

RESEARCH REPORT

DON'T BE FOOLED: AFTER TAXES AND LIVING COSTS, NEW JERSEY TEACHERS EARN *LESS* THAN TEACHERS IN GEORGIA AND TEXAS

The NEA's data is flawed: The very high cost of living in New Jersey erases New Jersey teachers' nominal pay advantage over Georgia and Texas.

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INTRODUCTION

"Life in New Jersey has become too damn expensive."

-- New Jersey Representative Josh Gottheimer¹

Rep. Gottheimer got it right. With one of the highest tax burdens and costs of living in the nation, New Jersey is too damn expensive. This is especially true for middle-income workers like teachers, whose nominally higher salaries are significantly eroded by the high cost of living here. But their union wants them to believe otherwise.

In order to justify their expensive union dues, the National Education Association (NEA) — the national parent of the New Jersey Education Association (NJEA) — claims that teachers in states that permit collective bargaining like New Jersey have 26% higher salaries than states that do not. But the NEA's ranking doesn't reflect the real world of taxes and cost of living, which is the world that New Jersey teachers actually live in.

We tested the NEA's claim by comparing New Jersey with the two largest states without collective bargaining: Georgia and Texas. According to the NEA's methodology, New Jersey ranked 6th (\$81,102), Georgia 20th (\$62,240), and Texas 29th (\$60,716), which would mean that New Jersey teachers' salaries are 30% higher than Georgia and 34% higher than Texas. But when New Jersey teachers' salaries were adjusted for New Jersey's very high taxes and cost of living, Georgia's teacher salaries were 4.3% *higher* than New Jersey and Texas's 3.2% *higher*. In the real world, with real costs, New Jersey teachers actually earned *less* than their peers without collective bargaining in Georgia and Texas.

This is not a surprise. States with collective bargaining laws also tend to be states with powerful government unions, big government, high taxes, and high costs of living. As a Federal Reserve Bank of St. Louis study² concluded: "States where teachers earn higher wages also happen to be states with higher [costs of living]." Just like New Jersey.

Don't be fooled, New Jersey teachers. Your expensive union doesn't benefit you nearly as much as they claim — and might even be hurting you.

¹ [Insider NJ press release](#) announcing Gottheimer's gubernatorial candidacy, November 15, 2024.

² Charles Gascon and Qiuhan Sun, [What Are Teachers Really Paid? Adjusting Wages for Regional Differences in Cost of Living](#), Federal Reserve Bank of St. Louis, August 31, 2018, p.1.

COLLECTIVE BARGAINING IN NEW JERSEY

Like most states, New Jersey permits collective bargaining for public employees like teachers. This means that the NJEA and its local affiliates negotiate salaries, work conditions, and benefits with local school boards on behalf of school employees. Because the NJEA is the exclusive representative of school employees in districts where it operates, it must represent both NJEA members and non-members. So whether a teacher belongs to the NJEA or not, that teacher will be represented by the NJEA in collective bargaining and will work under the same collective bargaining agreement.

Georgia and Texas do not permit collective bargaining for teachers.

THE NEA RANKINGS: COLLECTIVE BARGAINING = HIGHER SALARIES

The NEA published its annual "[Educator Pay Data 2024](#)" and the key takeaway was: "Teachers earn 26% more on average in states with collective bargaining." The NEA's underlying message: teachers unions are good for teachers because when teachers have union-led collective bargaining, they are paid a lot more.

That was especially true for a top-ranked state like New Jersey. According to the NEA, New Jersey teachers had the 6th-highest average salary among the 50 states³ at \$81,102.

Sunlight compared the average New Jersey salary with the two largest states that do not permit collective bargaining for teachers, Georgia and Texas. According to the NEA, Georgia's average salary was \$62,240 (20th) and Texas's \$60,716 (29th). As seen in Table 1, according to the NEA, the New Jersey average salary was 30.3% higher than Georgia and 33.6% higher than Texas. As might be expected with a top-ranked state like New Jersey, these differentials exceed the NEA's claimed 26% overall differential .

Table 1. NEA Salary Rankings

State	NEA Rank	Salary	CB	vs. NJ
New Jersey	6	\$ 81,102	Yes	-
Georgia	20	\$ 62,240	No	-30.3%
Texas	29	\$ 60,716	No	-33.6%

Source: NEA

³ Excludes Washington, DC.

But what the NEA fails to mention is that the average salaries it presents do not account for the real world of taxes and the cost of living that real teachers confront. In New Jersey, teachers’ higher nominal salaries are eroded by some of the highest taxes and costs of living in the nation. When these are taken into account, New Jersey's large salary premium completely disappears and actually becomes a deficit when compared to both Georgia and Texas.

TAXES: HIGH NEW JERSEY TAXES HURT

Like all New Jersey taxpayers, teachers face some of the highest taxes in the nation.

Income Taxes.⁴ A New Jersey teacher with a \$81,102 salary would be taxed at marginal rates from 1.4% to 6.37% for a total income tax of \$2,944. Georgia has a flat income tax of 5.39% and the average teacher would pay \$3,355. Texas has no income tax.

Property Taxes.⁵ It's well known that New Jersey has the highest property taxes in the nation, and they predictably take out a large chunk out of a teacher's \$81,102 salary. Based on the median value of a New Jersey home, the average teacher would pay \$9,345 in property taxes. For Georgia, that figure is \$2,048 and Texas \$3,872.

Take-Home Pay. As shown in Table 2, after subtracting income taxes and property taxes, we arrive at take-home pay of \$68,813 for a New Jersey teacher, \$56,837 for Georgia and \$56,844 for Texas.

Table 2. Take-Home Pay Analysis

State	Salary	Income Tax	Property Tax	Take-Home
New Jersey	\$ 81,102	(2,944)	(9,345)	\$ 68,813
Georgia	\$ 62,240	(3,355)	(2,048)	\$ 56,837
Texas	\$ 60,716	-	(3,872)	\$ 56,844

Sources: NEA, NJEA, Tax Foundation, WalletHub.

Sales Taxes.⁶ Once we calculate at take-home pay, we can assess the cost of sales taxes. Existing state sales tax systems tend to exempt a large number of household

⁴Income tax rates from Andrey Yushkov, Jared Walczak, and Katherine Loughead, [2025 State Tax Competitiveness Index](#), Tax Foundation, October 2024.

⁵ John S. Kiernan, [Property Taxes by State \(2024\)](#), WalletHub, February 20, 2024. See Appendix A.

⁶ State and local sales taxes. Andrey Yushkov, Jared Walczak, and Katherine Loughead, [2025 State Tax Competitiveness Index](#), Tax Foundation, October 2024. See Appendix B.

purchases of goods and services. An Ernst & Young study estimated that 21% of household personal consumption expenditures are subject to sales taxes.⁷ As shown in Table 3, this reduces take-home pay a bit further and we arrive at after-tax-incomes of \$67,855 for a New Jersey teacher, \$55,951 for Georgia and \$55,865 for Texas.

Table 3. After-Tax Income Analysis

State	Take-Home	Sales Tax	After-Tax Income
New Jersey	\$ 68,813	\$ (958)	\$ 67,855
Georgia	\$ 56,837	\$ (886)	\$ 55,951
Texas	\$ 56,844	\$ (979)	\$ 55,865

Source: Tax Foundation

COST OF LIVING: HIGH NEW JERSEY COST OF LIVING HURTS MORE

Rep. Gottheimer was right: New Jersey is a very expensive state to live in, and that goes for teachers, too. Everyday goods and services simply cost more in New Jersey compared to other states. The Council for Community and Economic Research calculates a cost-of-living index (COLI) where the national average equals 100.⁸ As seen in Table 4, New Jersey's COLI is 115, so New Jersey's cost of living is 15% higher than the national average. Georgia's is 91% of the national average and Texas 92%, so the purchasing power of their after-tax income actually increases while New Jersey's decreases.

Table 4. COL-Adjusted, After-Tax Income Analysis

State	After-Tax Income	COL	COL-Adjust Income	vs. NJ
New Jersey	\$ 67,855	115.0%	\$ 59,004	-
Georgia	\$ 55,951	90.9%	\$ 61,552	4.3%
Texas	\$ 55,865	91.7%	\$ 60,921	3.2%

Source: Council for Community and Economic Research

⁷ Andrew Phillips and Muath Ibaid, Ernst & Young LLP, "[The impact of imposing sales taxes on business inputs](#)," Prepared for the State Tax Research Institute and the Council on State Taxation, May 2019, p.4.

⁸ Missouri Economic Research and Information Center, [Cost of Living Data Series](#), Composite Cost of Living Index 2024 3rd Quarter, accessed November 2024. MERIC uses the Council for Community and Economic Research Cost of Living Index.

COST OF LIVING-ADJUSTED, AFTER-TAX INCOME: A NEW JERSEY TEACHER EARNS LESS THAN HER GEORGIA OR TEXAS PEER

As Table 4 shows, cost of living has an enormous impact on after-tax income. With costs 15% above the national average, a New Jersey teacher sees her after-tax income eroded from \$67,855 to \$59,004. On the other hand, Georgia and Texas teachers see the purchasing power of their after-tax incomes increase in value to \$61,552 and \$60,921, respectively. That means a Georgia teacher actually makes 4.3% *more* than a New Jersey teacher, and a Texas teacher 3.2% *more*. When the real world of taxes and living costs is accounted for, New Jersey teachers are actually *underpaid* compared to their peers in Georgia and Texas.

We recognize that this analysis does not include health benefits or pensions, but that is not the case that the NEA made with its rankings. It claimed that teachers with collective bargaining have salaries that are 26% higher than those without collective bargaining. We have shown that NEA's methodology and messaging do not account for the real world. In the real world, New Jersey teachers actually earn less than teachers in the largest states without collective bargaining.

CONCLUSION

At Sunlight, we know that New Jersey teachers have internalized the NEA's message that they make a lot more than teachers in non-collective-bargaining states. We often read these sorts of comments often on our Facebook page. We understand that the NJEA and NEA want desperately to justify the combined \$1,525 in annual dues that they extract from teachers' paychecks every year, but artificially inflating how much they earn does New Jersey teachers a disservice. Looking at the real world that New Jersey teachers actually live in, one could argue that they are *underpaid*. They should know that.

They should also know that states with collective bargaining laws also tend to be states with powerful government unions, big government, high taxes, and high cost of living. As a Federal Reserve Bank of St. Louis study⁹ concluded: "States where teachers earn higher wages also happen to be states with higher [costs of living]." Just like New Jersey.

Don't be fooled, New Jersey teachers. Your expensive union doesn't benefit you nearly as much as they claim — and might even be hurting you.

⁹ Charles Gascon and Qiuhan Sun, [What Are Teachers Really Paid? Adjusting Wages for Regional Differences in Cost of Living](#), Federal Reserve Bank of St. Louis, August 31, 2018, p.1.

APPENDIX A

Table 5. Property Taxes

State	Rate	Median Home Value	Amount
New Jersey	2.33%	\$ 401,400	\$ 9,345
Georgia	0.83%	\$ 245,900	\$ 2,048
Texas	1.63%	\$ 238,000	\$ 3,872
North Carolina	0.73%	\$ 234,900	\$ 1,724

Source: John S. Kiernan, [Property Taxes by State \(2024\)](#), WalletHub, February 20, 2024.

APPENDIX B

Table 6. Sales Taxes

State	State Tax	Avg. Local Tax	Total
New Jersey	6.63%	-0.0002%	6.63%
Georgia	4.00%	3.42%	7.42%
Texas	6.25%	1.95%	8.20%
North Carolina	4.75%	2.25%	7.00%

Source: Andrey Yushkov, Jared Walczak, and Katherine Loughead, [2025 State Tax Competitiveness Index](#), Tax Foundation, October 2024.