

Are teachers overpaid?

Are teachers overpaid? That is, after all, the assumption behind Scott Walker's budget, with the state paying for permanent business tax cuts by sharply cutting school shared revenue, and the school systems in turn balancing their budgets by taking back that "excess" pay. The question though is – is the assumption true?

There are two statistics one encounters, neither particularly good, in the debate on public employee pay. The cruder one looks at average pay in the public and private sectors, notes that the public average is about 12% higher, and concludes public employees are overpaid. Somewhat better are the studies done by Rutgers economist Jeffrey Keefe, who notes that more public sector jobs require college degrees than private sector jobs. After accounting for those degree requirements, Keefe finds public sector employees roughly 4% underpaid.

The crude statistic compares apples to oranges; unfortunately Keefe's measure compares oranges to tangerines. Not all college degrees are the same – a chemical engineer will typically earn more than a fine arts major – so lumping all college degrees together, while better than ignoring them, tells us only so much. The best we can conclude from the studies is that there's no clear evidence that public sector employees are overpaid.

A better approach is to consider how labor markets behave. If a job is clearly overpaid, and an opening arises, you'd see a very large number of applicants. And, once someone gets the job, you'd never, ever see them voluntarily quit.

So how do teacher labor markets behave? Generally, when openings arise, the number of applicants varies, depending on the position – many for an Elementary teaching position, relatively few for Math or Science jobs. Since teaching is a job where quality matters, plenty of applicants is a good thing. Not having plenty is a problem, suggesting that Math and Science teachers are underpaid.

More telling is this statistic: 46% of all new teachers quit the profession within 5 years. That's nearly half who decide that it's too much job for the money. That tells me that teaching is a lot harder job than it sounds – and definitely not one that's overpaid.

But I already knew that. You see, back in the 70s, while I was in Graduate School, I worked off and on as a substitute teacher in a big city school system. (I was that rarity – a Math sub who knew Math.) I experienced personally how challenging it is to keep 20 to 30 squirrely middle schoolers (or disaffected high schoolers) engaged in a subject they'd prefer didn't exist. Overpaid? Then why aren't these Republicans lining up to replace them?

Particularly troubling are the claims that Milwaukee Public School teachers are overpaid. Yes, their salaries and benefits are generous, especially if you can last 30 years teaching in the Milwaukee Public School system. Anyone reading this ever taught in an inner city school? I have. If you think they're overpaid, I'd suggest you get a piece of that overpay by taking a job teaching there yourself.

Forget the statistical mumbo jumbo. The labor market evidence is unambiguous: Scott Walker is dead wrong, teachers in general are not overpaid. So cutting their compensation by 8 to 10% will eventually result in few job market entrants, an even higher early drop out rate, a resulting lower average quality, and increased shortages in such critical areas as Math and Science.

But at least we'll get capital gains tax breaks out of this. Because as everyone knows, tax breaks grow the economy. And apparently, education doesn't.