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**Economics 101 for Teachers**

We hear it time and time again—“teachers aren’t paid enough.” Some of the more romantic go further and say you can’t pay them enough. We’re constantly regaled with anecdotal evidence of how teachers’ pay comes up short, especially in the form of claims from teachers’ unions such as with the recent Penn Trafford, North Hills, and the Pittsburgh City School contract negotiations. However, some instructive light has recently been shed on the generosity of teacher pay in Pennsylvania.

The American Federation of Teachers ranks Pennsylvania ninth in average teacher salary across the nation (\$52,460). North Hills (\$60,700) and Pittsburgh (\$61,330) teachers surpassed this average *before* the latest contract negotiations. Adjusted for cost of living, teachers in many of Pennsylvania’s districts rank among the best paid in the nation. This fact has not been lost on candidates for positions in our schools. A recent newspaper article noted that one school district had over 2,000 applications for 83 vacancies; another district reported that for each vacancy, they can expect to receive 200 resumes. One superintendent, commenting on applications, “(w)e are getting them in droves...whether there are openings or not.”

Basic economics shows us that when the price of a good or service in a normal marketplace causes suppliers to want to sell more than buyers are willing and able to buy at that price, then sellers will begin to bid the price down to the point where the amount supplied equals the amount demanded. Obviously, this is not happening with teachers in Pennsylvania. Why? Because the market for teachers is controlled by monopolies, namely the unions that have exclusive rights to represent teachers in each school district.

The unions’ monopoly power along with their ultimate weapon, the right to strike, have produced the situation where every job opening will elicit an enormous response in terms of the numbers of applications. Unions will say that this is a good thing because it guarantees that the schools will be able to pick highly qualified teachers. That would be an argument if the schools were able to dismiss their existing underperforming teachers. But that never happens. Indeed, the union mentality eventually creates almost universal mediocrity so that the really good teachers end up doing a much poorer job than they would if they were individually evaluated and rewarded commensurately.

Consider the recent rejection of a contract in Pittsburgh that would have left salaries unchanged this year, even though many would have seen an increase in pay simply by

moving another step up the pay ladder, and increasing the top level of salary by \$3,000 in the second year. After the rejection vote, one teacher remarked: “Get it right next time”.

With fifty-two percent of their teachers earning the top salary, and the District facing a \$40 million deficit in the coming year, it is time to get it right. If the teachers will not ratify the contract that their own leadership agreed to, then it’s time to allow the market to work and use the existing excess supply of teachers to put downward pressure on salaries.

To add perspective, Pittsburgh’s teachers were the fifth highest in pay among Allegheny County teachers with an average of \$61,300. The average worker in Allegheny County earns just \$41,230 and that is for a full year of work. Extrapolating the average Pittsburgh teachers’ salary over 12 months instead of 10 would equate to \$73,500—far more (78 percent) than the average worker in Allegheny County. No wonder so many people holding teaching degrees are clamoring to break into the Pennsylvania system. And this doesn’t even take into account the very generous level of benefits that are rarely enjoyed by most people working in the private sector.

Parents and sympathizers in the North Hills and Penn Trafford school districts demanded their boards give in to the unions to avoid a strike. It will, in all likelihood, not be much longer before Pittsburgh parents join the chorus as their teachers rattle the strike saber. Those who believe that teachers are underpaid often think with their hearts and not their heads. To which we say a basic economics lesson can provide a lot of illumination about what correct policies should look like.

Let’s grant that teachers are important. But so are nurses, doctors, plumbers, and countless other occupations. They should be paid fairly and fair should mean the marketplace will have a large part to play in determining their compensation. Those who have jobs should not be endlessly protected from market forces. Excellent teachers will always find good jobs with good pay. Inadequate teachers need to be removed and others given the opportunity to do better. All the union arguments against competitive markets boil down to self-serving statements that ignore common sense, basic economics and the facts.

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