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**Learning from the North Hills Teachers' Union**

You have to admire -- albeit grudgingly-- the chutzpah of the teachers' union in the North Hills school district. While proclaiming a reluctance to strike, the union president says strike preparations are continuing because the district's very generous offer was unfair. Thus, we are presented with yet another example of the lunacy embodied in Pennsylvania's ridiculous law allowing teacher strikes. School districts are forced into a Hobson's choice between seriously disrupting students' and parents' lives on one hand or acceding to union demands on the other.

According to news accounts, the district offered a contract that would have raised the average teacher pay to \$74,031 by fall of 2009. With average pay currently standing at \$60,772, the proposed increase represents a 22 percent in just over three years. Such a rise in salaries dwarfs what the private sector is likely to experience. But that is just the beginning of the economic distortions that have come about because of the overwhelming bargaining advantages teachers' unions have been given by the state government.

Because the teachers' union is a government-empowered monopoly that sells services to a government created monopoly school system, the role of normal market forces has been essentially eliminated from the price setting process. Especially, since by law, schools must be open a certain number of days to provide education for children who must, by law, be in school.

Consider that the average pay of \$60,772 for ten months work is the equivalent of \$73,000 for 12 months work. By contrast, the average worker in Allegheny County earns \$41,230 for 12 months. Thus, on a monthly basis, North Hills teachers are already paid 77 percent more than the average Allegheny County worker. Indeed North Hills teachers are paid at the level of Connecticut teachers who are the nation's highest paid on a state average basis. The difference is that incomes and the cost of living in Connecticut are 20 to 25 percent higher than in Pennsylvania. Note too that for Boston teachers pay to have the same purchasing power as the salaries of North Hills teachers, they would have to earn an average of \$84,000 per year. They actually only make \$69,000. Obviously, North Hills teachers do very well indeed compared to Boston's teachers.

Bear in mind that employees of the North Hills school district receive 32 dollars in benefits for each 100 dollars of salary. Given the escalation of health care costs and the coming rise in pension contributions, the ratio of benefits to salary is almost assuredly going to climb further, boosting the total employee compensation costs.

Clearly, the North Hills situation is not unusual. The same points could be made about many of Allegheny County's school districts, including the City of Pittsburgh. Teacher pay is determined outside a market process. In addition to union protections, many districts award tenure making the discharge of a teacher or disciplinary actions very difficult. There is no meaningful competition

for the jobs or in the setting of compensation levels. There is no special monetary reward for excellence, nor any penalty for mediocrity. There is no recognition that some subjects such as math and science ought to command greater salaries than English or social studies.

Ideally, teacher salaries would be set by supply and demand with each teacher having an individualized contract that would spell out compensation as well as job duties and expectations of results. Failure to perform up to contractual obligations could be grounds for terminating the contract or, at least, grounds for not renewing.

Unfortunately, school superintendents and principals do not enjoy such a balanced approach to hiring and compensation. The extreme difficulty they face is well illustrated by the comments of a parent who was asked about the possibility of a teacher strike. While expressing concern for the impact on seniors preparing for college, the parent went on to say, “to keep good teachers you have to pay them well.”

This is a typical politically correct comment of parents when approached by the news media. Not a word about the possibility that caving into union demands might lead to a tax hike. There’s concern for teachers but no concern for taxpayers. And what about concern for other students and parents whose summer plans could be seriously disrupted if the school year drags on into July because of a strike?

But more importantly, what about the statement that to keep good teachers you have to pay them well? Does that mean that in order to get good teachers we must make them among the nation’s highest paid? That should mean they are also among the nation’s best instructors. Is that the case in North Hills? In light of the near impossibility of getting rid of teachers based on poor performance, why would one assume that North Hills is getting only the top-of-the line teachers that should be attracted to the District’s generous compensation package?

Still, the truly alarming aspect of the teachers’ union is that a group with obvious contempt for the free enterprise system and the role of the free markets and competition is charged with instructing young people about the world where they will someday have to earn a living. Wouldn’t it be a good thing if students learned that their worth in the marketplace is determined by their ability to produce what the market wants? Instead, what they see in their schools is government granted power to extort as the determinant of compensation.

Pennsylvania’s legislature needs to take away the right to strike by teachers. If they are not willing to do that then they should emulate other states and impose a two-day wage and benefit loss for every day off the job during a school year resulting from a strike. That will improve the bargaining power balance in favor of school boards. As matters now stand, teachers lose little by being on the picket line.

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