



## New Study Shows Public School Teachers Are Overpaid

Despite the public perception that public school teachers in general are underpaid, Jason Richwine, senior policy analyst at the Heritage Foundation and co-author of “Assessing the Compensation of Public-School Teachers,” says “the reality is that it’s just not true. There’s no way to look at the data and conclude that they are underpaid. They are certainly paid more than they can get if they work in the private sector...” In fact, Richwine found that “public-school teachers receive compensation about 52% higher than their skills would otherwise garner in the private sector.”



The reason for the study is that “We want to reform the way teachers are paid. We want to pay the good teachers a lot and the bad teachers not much, or move them out of the profession. We can’t really [get] reform of that kind without understanding the current situation.”

Previous studies that show teachers to be underpaid have grievous flaws and leave out critically important pieces of the compensation package, says Richwine. Most studies that show teachers as underpaid don’t take into account the richer retirement plans provided to teachers, their post-retirement health insurance coverage, and their shorter work year. In addition, job security is provably higher in teaching than in the private sector, says Richwine. Finally, under current practice it’s hard not only to pay the good teachers what they’re worth, it’s hard to know who those teachers are.

For example, in Michigan’s [Farmington School District](#), the average gym teacher makes \$75,035 a year whereas the average science teacher makes just \$68,483 a year. In the Woodhaven-Brownstone school district gym teachers average \$76,700 per year while science teachers are paid \$58,400 per year. In Harrison, Michigan, the difference is even greater, with science teachers getting paid \$49,000 annually on the average, while gym teachers are paid \$62,000. As noted by Tom Gantert, writing for the [Michigan Capitol Confidential](#), “This is not unusual, because school districts don’t differentiate what a teacher does when considering compensation, regardless of the district’s educational needs. Teachers are paid on a single salary schedule based on seniority and education level.”

The most impressive and telling advantage public school teachers have over their private sector counterparts is their retirement plans. Because most public sector retirement plans guarantee a certain level of benefit at retirement, the risk in the event the pension plan investments don’t provide what is guaranteed is then transferred to the taxpayer who has to make up the difference. Most private sector retirement plans are called “defined contribution” plans and the benefits paid out are based on the plan’s assets without taxpayer guarantees if certain payout targets are missed.

As an example, after examining studies by Boston College, Richwine and his associate Andrew Biggs offered this example: “Imagine a teacher who retired with an annual salary of \$40,000. Her annual [defined benefit] pension benefit would be about \$20,330.” But if she and her employer in the private



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sector had invested the same amount of money into her defined contribution plan, her payout at retirement would be only \$4,450 a year. Put another way, “assuming equal employee contributions, [as a teacher she] can expect to receive retirement benefits that are roughly 4.5 times higher than she would receive from a typical private sector pension...on average, public-sector pensions are simply far more generous than private sector plans.”

Richwine concluded:

More fundamental reform of teacher compensation would scrap the existing rewards for education and experience — and instead pay market rates to teachers who are measurably effective...

I do think that the best teachers, the ones that are most effective, should be paid as much as they need to be paid in order to keep them in the profession, absolutely. But at the same time, that realization has to come along with the fact that there are a lot of existing teachers who make more than they should and really, probably, should not even be in the profession. We can't merely pay teachers more and expect results. We have to pay teachers more in a way that encourages the best ones to stay and the worst ones to leave.



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