

Study: Over 16-year span, Wisconsin teacher salaries lag private sector wages

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New research by a University of Illinois expert in employment relations and labor economics shows that, for more than a decade, Wisconsin teacher salaries have fallen behind changes in the cost of living as well as wage growth in the private sector.

Craig A. Olson, a professor of labor and employment relations, says the salaries of Wisconsin teachers have lost ground to those of their private sector counterparts over the last 16 years.

The paper compares the earnings of an average college graduate employed in the private sector in the U.S. versus the earnings of an average college-educated teacher in Wisconsin through public data from 1995 to the present.

Olson's analysis shows that, after accounting for inflation, the average private sector college graduate saw weekly earnings increase by 10 percent from 1995 to 2009. By contrast, the average teacher in Wisconsin saw salary decline by 10 percent, not counting fringe benefits.

"Not only did Wisconsin teachers not keep up with inflation, their earning power also fell behind their private-sector counterparts," Olson said.

In 1995, the average college educated private sector worker in the U.S. earned 17 percent more than a Wisconsin teacher; in 2009, this gap had increased to 36 percent, according to Olson's research.

Olson's research also discovered that while the salaries of public sector workers have not risen dramatically, expenditures on their benefits, especially health insurance benefits, have increased. In Illinois, the average inflation-adjusted premium for a family health insurance policy for Illinois teachers increased from \$5,758 to \$10,905 from 1993 to 2008.

Not surprisingly, health insurance premium costs for the private sector also have risen sharply during that time, increasing from \$5,742 in 1999 to \$13,770 in 2010, adjusted to 2009 prices.

Faced with rising health insurance costs, Wisconsin Gov. Scott Walker has argued that Wisconsin public employees should be required to pay higher premium co-payments to match the higher co-payments paid by employees in the [private sector](#).

"Obviously, Gov. Walker's argument misses a key point about how health insurance premiums and employee co-payments influence other employment outcomes such as wages," said Olson, who also is a professor of economics at Illinois.

An analysis of Illinois teacher wages and health insurance premiums from 1993 to 2008 that Olson is working on with Darren Lubotsky, a professor of economics and of labor and employment relations at Illinois, shows that in districts or time periods when premiums went up the most, teachers, through their local unions, typically accepted lower salary increases or agreed to higher teacher premium co-payments when compared to districts that faced smaller increases in [health insurance](#) premiums.

Olson applies these results to Wisconsin to suggest that through the collective bargaining process, Wisconsin teachers protected their health benefits when premiums were rising rapidly by accepting lower wage

increases.

According to Olson, the budget bill in Wisconsin will likely have unintended consequences that have not been considered in the rush to pass the bill.

"My rough calculations of the changes in employee pension and health benefit contributions required under the proposal suggest the changes will cost the average Wisconsin teacher about \$5,000 in total compensation," he said. "This reduction in total compensation is equal to about 10 percent of the salary for an average Wisconsin teacher. Since salary increases under the bill are limited without a voter referendum to changes in the cost of living, teachers will have great difficulty negotiating higher pay to offset these higher contributions."

While these changes will save Wisconsin school districts some money in the short term, Olson says it's likely to have a serious adverse impact on the quality of the state's teacher workforce.

"Obviously, it will make it more difficult for Wisconsin to attract high quality young adults into teaching," he said. "What parent in Wisconsin would encourage their child to become a [teacher](#) given the trends of the last 16 years and Gov. Walker's proposal?"

Provided by University of Illinois at Urbana-Champaign

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