Economic Analysis of SB18-264

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SB18-264 creates a set of consequences for public school teachers and teacher organizations if they engage in, promote or condone a teacher strike. In the event of a strike occurring or under the imminent threat of a strike, the bill enables the employer to seek an injunction from the district court preventing or ending the strike. The bill follows that teachers or teacher organizations ignoring the injunction are in contempt of the court and can be punished with fines, jail time and termination. Theoretically, this bill aims to increase the costs to teachers enough to deter striking which, if unchecked, limits the benefits of education to children. However, the bill does not account for the strike's real cause; teachers' wages are too low to maximize those same educational benefits.

This paper seeks to determine whether the bill's intentions would succeed in correcting a market inefficiency. Furthermore, this paper will consider the economic effectiveness and the likelihood of outweighing the potential issues it could create. Ultimately, this paper finds little evidence to support government intervention in this instance, therefore not supporting SB18-264.

SB18-264 is likely in response to the recent teacher marches and the threat of an organized strike to put pressure on school districts to increase teacher pay in Colorado. The bill encapsulates the opinion that teacher strikes adversely affect the learning outcomes of children since teachers are not in classrooms. Theoretically, without increased consequences to striking there is a market inefficiency. Currently, Colorado public school teachers have the ability to arbitrarily strike without the market being able to react. To discourage this practice adequately, the bill proposes to place teacher employment status and teacher organization bargaining capacity at risk.

The government should only intervene in imperfect markets in instances where it can enhance efficiency. A strike of instructors is undoubtedly inefficient, so intervention might be necessary. However, there is little evidence to suggest that teachers are arbitrarily striking, implying that the inefficiencies might be limited.

Prior to this year a strike had not been threatened in Colorado since the 1990s, when negotiations broke down over raising base pay (Meltzer). This is likely because of the difficulty of orchestrating credible strikes. Collective action problems make the organization of effective strikes uncommon. Individual teachers do not want to accept personal risks of termination or other discipline. Instead, they can rely on the rest of the cohort for action and hope that other individual teachers will be less risk adverse. Credible strikes require concerted group decisions that involve high risk, which is infrequently the case. This suggests that teachers resort to strikes only when they face the infrequent, but critical, problems that require mobilized collective bargaining to solve.

Therefore, making teacher strikes costlier to individuals and collective organizations would only be advantageous if the Assembly determined that the possibility of strikes is detrimental enough to students to irreversibly affect education. The positive public benefits of a quality education are numerous: students prepared to function in society, an informed electorate, and an established set of cohesive core values to build a society on.

In the United States, the longest strike in the last ten years lasted less than six weeks, and most lasted less than a week (Finley). Preparing students to be productive members of the society and equipping them with skills to use in the labor force are long term investments. Specifically, universal moral core values are not simple enough that a short strike would potentially ruin the chance for them to be ingrained in students. Because most of the public benefits of education take longer to instill, it is unlikely that a week of teacher strikes would adversely affect students or society. Furthermore, it is possible that students will more readily accept the teachable values if teachers are in improved spirits. Instructors that are consumed by the stresses of inadequate compensation could conceivably be worse teachers of the positive moral codes that the students draw from them.

While this bill is simple in terms of its proposal, there are larger effects to consider when evaluating the usefulness of the proposed legislation. The bill is a direct reproach to unionism and raises the question of government intervention in unions. Employers often have more power than individual employees. In public schools, this imbalance is magnified (Merrifield). Teacher's employers are school districts, so there is less competition for teachers than if individual schools were their employers. Consequently, monopsony or near-monopsony conditions prevail in many regions (Lee). Unions offer a counter to the asymmetry. The collective action capabilities of teacher unions, including strikes, are particularly helpful in correcting the uneven power.

However, it is possible that the power of strike is an overcorrection of this imbalance. Shifting the market power dynamic in favor of unions is also inefficient for the labor market and would likely lead to abuse of collective action. A difficult balance to achieve, this is important because the position adopted by any individual likely dictates their view of the bill in question. An additional consideration for teacher unions is the considerable political power that they wield. Educators are in a uniquely elevated position due to "political activities that give them unrivaled influence over the laws and regulations imposed on public education" (Moe). In the view of the Colorado State Supreme Court, public employees have the statutory right to strike as established in Martin v. Montezuma-Cortez School District (1992).

While this bill does not make strikes illegal, it increases the consequences of striking to effectively quell them. In a bargaining environment that has seen a slide in terms of relative compensation, this bill would check teachers and their organizations further (Allegretto and

Mishel). The relative weekly wage gap, which accounts for the longer summer breaks, between teachers and other professions in Colorado has grown to a record -35 percent in 2015 (Allegretto and Mishel). The opportunity cost of becoming a teacher and remaining in the profession is becoming more pronounced as relative teacher pay falls further behind that of other professions.

Teachers' pay in Colorado is substantially lower compared to their peers. Strikes are proving to be one of the only successful tools in changing that rate. West Virginia and Oklahoma teachers have successfully utilized strikes to increase their pay as recently as spring of 2018 (Bidgood; Goldstein and Davis). A more appropriate action for a General Assembly interested in ensuring that students have their teachers in the classroom reliably would be to increase teacher pay in the State to match the pay of their peers. Even if an increase to equal the wages of comparable workers in Colorado is infeasible, matching the national average of public teacher compensation would likely improve the attendance of teachers.

If the policy goal is to improve the quality of the entire teaching workforce, then raising the level of teacher compensation, including wages, is critical to recruiting and retaining higher-quality teachers. A recent study from the Education Law Center, a group that advocates for increased school funding, ranked Colorado last in the competitiveness of its teacher salaries. The typical 25-year-old teacher at the beginning of their career in Colorado makes just 69 percent of what her peers with similar education levels who work similar hours earn (Baker et al.)

The bill's intention, which is to eliminate strikes, would be best achieved by raising teacher compensation so as to eliminate the provocation for strikes. It would also allow the market to correct another issue that the State faces. The State has a lack of teacher candidates willing to work at existing wages. An increase in wages would increase the number of workers willing to be teachers. According to the Colorado Department of Education, the absence of teaching candidates is “more pronounced in rural and remote rural areas where [they] find unique challenges driven by inadequate teacher compensation and difficulty attracting new teachers to rural communities” where compensation is at its lowest. An increase in wage would make the occupation more appealing to potential teachers and would likely increase the quality of educators and reduce the turnover of teachers. Increased quality and limited turnover would maximize the potential externalities of education and should be pursued as such.

Conversely, the success of this bill would limit the draw of the profession further through decreased competitiveness of compensation. Currently, teachers are paid relatively poorly but can rely on strikes to potentially increase compensation. Without the ability to strike, teaching prospects may view the future of the profession as increasingly unfavorable and select other careers. In a market already struggling to meet demand, this bill would further decrease the supply of quality instructors and would lead to negative long-term education impacts. Through increased turnover and an inferior labor pool, the bill likely would curtail the benefits that it sets out to promote.

Ultimately, the bill is misguided in its attempt to correct a perceived market failure to maximize the time teachers spend in classrooms. Instead, the General Assembly should attempt to correct for the failures at the root of teacher’s desire to strike. Compensating teachers in Colorado to match the level that their education would predict or to match teachers in the rest of the country would be more successful. Not only would teacher strikes be less common, the externalities of education would be better realized through higher quality, better motivated teachers and less instructor turnover. Therefore, not only does the bill not correctly identify the problem it tries to remedy, it further hinders the ability for the principal actors to fix the problem themselves through negotiation. As such, SB-18- 264 should not be supported.

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