The nation is stuck with a bad equilibrium in terms of teacher salaries: salaries are insufficient to attract new teachers who can fuel improved schools and yet they are not even high enough to satisfy current teachers. One result has been uncompromising rhetoric replacing viable solutions, and political responses that leave us in a worse position. The Chicago teachers’ strike continued the strife that played out last year from West Virginia to Los Angeles. Sequential appeasement of these outbreaks of union combativeness and teacher frustration will almost certainly not help the students and will likely make teachers worse off in the long run.

The discussion educators and policymakers need to have begins with a simple fact: U.S. teachers are woefully underpaid. An analysis I did with colleagues recently shows a teacher is paid on average 22 percent less than she could earn outside of teaching. This teaching penalty is worse than seen across a sample of 23 developed countries. And the penalty shows up in the quality of our teacher force compared to those of other countries. It then filters down to our students, who do worse on the international PISA tests of math and science than they would with higher quality teachers. Since today’s students become our future labor force, their lower achievement bodes ill for the future economic well-being of our nation.

The bad balance between salaries and effectiveness does mean that it is not all right to bash teachers for not being better. In fact, the nation ends up with a surprisingly good teaching force given the salary levels and working conditions. We attract many people who—for love of kids, for feeling of social purpose, or for what-have-you—are willing to take on the challenges of teaching.
Yet if the United States is to improve its schools, the available research indicates that the only feasible solution is to increase the overall effectiveness of our teachers. This in turn will require altering the teaching force and treating teaching as a profession as opposed to an occupation requiring personal sacrifice.

Some additional facts are useful. The research on teachers shows vast differences in their effectiveness, but it does not provide any simple characterization of what makes an effective teacher. The most effective teachers are not the ones with the most experience or the most graduate training. Nor are they necessarily the ones with the largest market opportunities outside of teaching. It is more important to select and retain those who are effective in the classroom than to lure people away from careers like engineering or law. And that clearly means paying effective teachers a salary that will keep them from seeking jobs outside of education.

Isn’t teacher retention a problem solved by raising teacher salaries to a competitive wage? And isn’t this what resolution of teacher strikes and walk-outs in Chicago, West Virginia, Oklahoma, Arizona, Los Angeles, and elsewhere has done at least partially? The simple answer is no.

Higher salaries may work to retain the most effective teachers, but they also retain the least effective. In fact, the across-the-board raises—the hallmark of the settlements with teachers—make getting out of the bad salary situation even more difficult, because they slow the chances of any new openings in the teacher force.

The primary economic argument for across-the-board increases is that they make teaching more attractive relative to other careers, thus changing the choices of an upcoming group of college students and leading to a stronger future teaching force. Such logic assumes that a significant number of “better” college students train to teach, that the schools make good hiring decisions from this newly expanded pool of trained teachers, and that the higher salaries continue.

Each of these assumptions is based on limited evidence. Even if they are true, however, significant changes would take years, maybe decades. Would higher salaries continue in the face of little noticeable improvement in student achievement? It seems likely that salaries would simply revert to the bad equilibrium.

The only practical solution apparent to me is the “grand bargain”—an idea broached more than 15 years ago but now perhaps more feasible as teacher salaries stagnate and U.S. student achievement continues to lag that of other countries. This bargain is simple: a substantial increase in teacher salaries combined with policies that produce a significant tilt toward more effective teachers. Six figure salaries for highly effective teachers could realistically be the norm. In the long run, these could be paid for by the increased impacts on the economy. In the short run they could be paid for by very modest increases in student-teacher ratios.

Teachers unions have historically resisted such a deal, opting instead for smaller across-the-board salary increases accompanied by more teachers and staff (which has the character of a union membership campaign). Salaries have then continued to stagnate as more personnel soak up available school expenditures. Additionally, raises going indiscriminately to ineffective teachers likely dampen public enthusiasm for salary increases.

Of course, linking raises to performance requires evaluations with consequences. Mentioning evaluation often brings out a slew of arguments aimed at showing that any evaluation system—whether involving measures of student learning, supervisor and peer ratings, or parental input—has potential flaws. The claim that teachers can’t be evaluated meaningfully stands in stark contrast, however, to what is seen in the vast majority of complex jobs across the economy.

A change will take leadership. To set a new, more positive path on evaluation, union leaders might take seriously one strand of their own rhetoric: We need to professionalize teaching. To some, professionalizing teachers means paying teachers the same as accountants. A more apt definition is professionals are people willing to be held responsible for their performance.

If teachers and their unions were to move toward this understanding of professionalization, we could escape our bad salary deal. Survey data suggests the public would be willing to pay much better salaries to effective teachers to make our students more competitive in the world economy.
The teachers unions are struggling to find their footing in a world where less than half of the public thinks unions have a positive impact on schools and where the *Janus v. AFSCME Council 31* decision weakens their ability to attract and hold members. Under the grand bargain, however, teachers could be paid significantly more, and unions could play an important role in promoting and shaping teacher evaluations. Most important, enhanced student achievement would engender broad economic gains across society.

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