

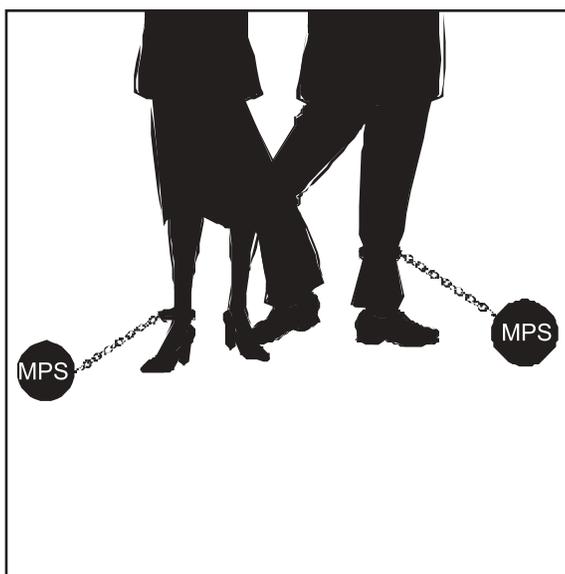
THE MILWAUKEE IRON CURTAIN

M. SCOTT NIEDERJOHN, PH.D.
MARK C. SCHUG, PH.D.

The problems facing the Milwaukee Public Schools (MPS) are well known. They include low levels of academic achievement, high truancy rates, and high dropout rates. In an environment marked by these problems, it is easy to imagine why MPS, like other large urban school districts, finds it difficult to attract and retain good teachers. We also know that attracting

and retaining high-quality teachers is the key variable to improving urban schools. A growing body of research shows that teacher quality is perhaps the most important factor influencing student achievement. But in its efforts to attract and retain good teachers, MPS faces one unique obstacle: Unlike all other Wisconsin school districts, and most nationwide, MPS has a teacher residency requirement.

This requirement holds that, as a condition of employment, all newly hired Milwaukee Public School District (MPS) teachers must live within the borders of the city. Adopted in 1977 by joint agreement of the MPS Board of School Directors and the Milwaukee Teachers Education Association (MTEA), the requirement gets little attention in discussions of education policy. This is regrettable, since evidence



from several sources suggests that the requirement has an adverse effect on teacher quality within MPS and, hence, on the quality of education MPS provides. In addition, the residency requirement has failed to accomplish the goals its proponents identified in their drive to require teachers to live in the city. Because the requirement has adverse effects on the quality

of education within MPS, and because it has failed to provide off-setting benefits, we recommend that the requirement be rescinded.

Rescinding the teacher residency requirement would not provide a “silver bullet” solution for all the problems facing MPS. (We wish it would.) But getting rid of the requirement—letting teachers live where they want to live, so long as they do their jobs well—would generate long-term benefits for the district and the students and parents it serves. Rescinding the residency requirement also would save money and, over the long-term, make a positive con-

M. Scott Niederjohn, Ph.D. is Assistant Professor of Economics and Director, Center for Economic Education, Lakeland College.

Mark C. Schug, Ph.D. is Professor of Education and Director, Center for Economic Education, University of Wisconsin – Milwaukee.

tribution to the city's tax base. The benefits would come into play almost immediately and have positive effects well into the future.

Status of Teacher Residency Requirements Today: Milwaukee's is One of Two

In 2001, teacher residency requirements were abolished by Philadelphia, Pittsburgh, and Providence, Rhode Island. Only two of the 50 largest school districts in the nation still have teacher residency requirements—the City of Chicago and MPS. The other forty-eight large city school districts have found that they can do without the benefits that allegedly follow from teacher residency requirements.

The Economics of Teacher Labor Markets

Looking on from an economist's perspective, what might we predict about the long-term consequences of the MPS requirement? Would it strengthen the capacity of MPS to deliver high quality in education services, or would it be harmful?

1. The effect on the supply of teachers. Basic economics predicts that the imposition of a residency requirement would cause a decrease in the supply of teachers. In other words, the number of teachers who are willing and able to work in MPS would be reduced by this requirement. Apart from residency requirements, prospective teachers face various barriers to entry into the profession, including state certification requirements. The imposition of a residency requirement adds another layer of thickness to the barriers.

What follows from this? In a competitive labor market, a decrease in the supply of workers brings about an increase in the market wage. Prospective teachers will expect, tacitly or consciously, to be compensated for additional burdens placed on them by residency requirements or other up-front disincentives. If the compensatory wage is not met, these workers would likely seek different positions. In the case of MPS, prospective teachers averse to the residency requirement, and foreseeing no compensatory wage differential, would be likely to seek jobs in other public school districts. They might also decide to test the labor

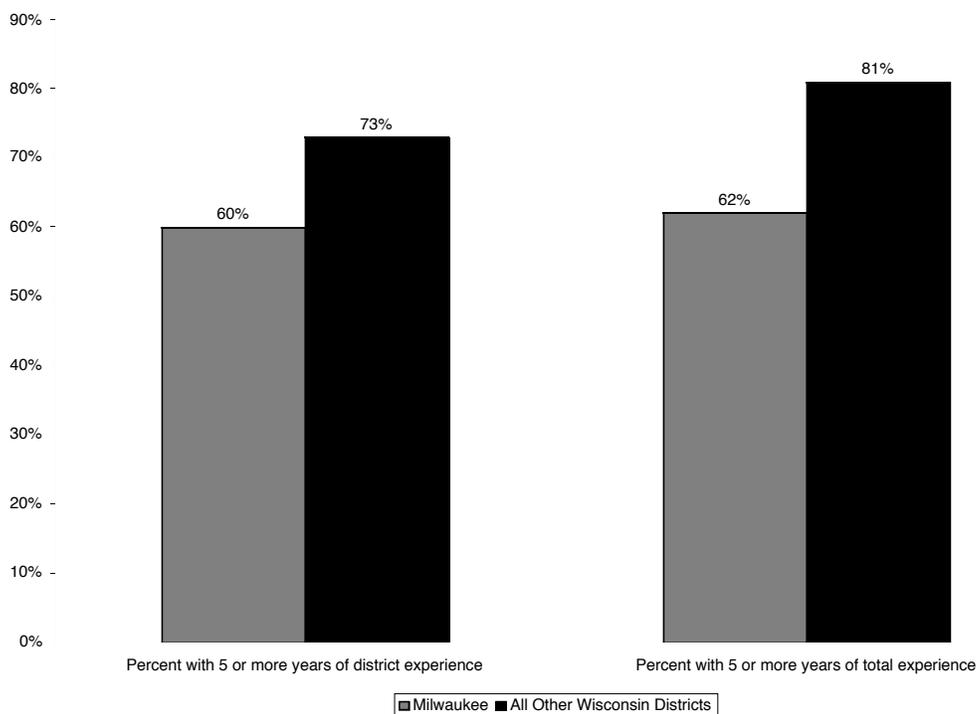
market in non-instrumentality charter schools in the city that do not have to abide by the residency requirement.

Starting teacher salary data suggest that MPS does not pay a significant wage differential to compensate for the disincentive created by its residency requirement. Data from the 2004-2005 school year (supplied by the Wisconsin Association of School Boards¹) show that the starting salary for an MPS teacher is \$32,439.² MPS does pay a higher starting salary than some metro Milwaukee school districts. Examples include: Franklin (\$32,053), Shorewood (\$29,002), South Milwaukee (\$31,019), Wauwatosa (\$31,882), West Allis-West Milwaukee (\$31,950). However, a number of nearby suburban school districts pay more than MPS, including some in Milwaukee County. Examples include: Elmbrook (\$35,540), Greendale (\$33,023), and Greenfield (\$33,405). In the metropolitan market for teachers, therefore, teachers can choose a competitive or higher salary *and* no residency rule. In short, the MPS salary schedule does not reflect the added residency barrier.

2. The effect on teacher quality. Given that the MPS does not pay a significant compensating pay differential to its teachers, there are many reasons why MPS teachers might differ—in training and years of experience, for example—from teachers in other districts in Wisconsin. MPS is the largest urban school district in the state; accordingly, MPS teachers face the full array of challenges associated with urban education in the United States including truancy, dropouts and violence.

However, the grittiness of urban education, as well as the attractiveness of the urban lifestyle, does offer certain advantages to younger teachers. Yet the challenges MPS presents teachers seems to outweigh the advantages of the urban location. Table 1 presents data comparing the MPS teacher corps to teachers in the average of all other Wisconsin school districts in terms of teacher training and experience.³ These data show MPS lagging behind other Wisconsin school districts in attracting and retaining qualified and experienced teachers.

TABLE 1 EXPERIENCE IN THE CLASSROOM: COMPARISON OF THE MPS TEACHER CORPUS TO OTHER WISCONSIN SCHOOL DISTRICTS: 2004-2005



Source: Wisconsin Department of Public Instruction

Table 1 reveals that MPS teachers are among the least experienced in the state. In 2004-2005 only 60% of MPS teachers had more than 5 years of district experience and 62% had more than 5 years of total teaching experience. Statewide the averages are 73% and 81%. Among the districts we analyzed, only Racine has a less experienced faculty. The experience data clearly shows MPS as a district with significant turnover among its teacher corps. This problem manifests itself further among science teachers. In 2004-2005 only 57% of MPS science teachers have more than 5 years experience while statewide this average is 78%.

While no single factor can fully explain the discrepancy in teacher quality (as measured by licensure and years of experience) between MPS and the rest of the state's school districts, the teacher residency rule exacerbates MPS's recruitment and retention problem. Here it is relevant to note that according to internal sur-

veys of union members conducted by the MTEA, MPS teachers consistently rank the residency rule as a top priority for elimination in contract bargaining.⁴

3. Effect on teachers-in-training in Milwaukee. In 2005, we conducted a survey of 114 students completing teacher-certification programs at the University of Wisconsin-Milwaukee. The survey included students majoring in elementary, secondary, and early childhood education. The results do not bode well for the future of MPS.

- About 84% of the students disagree with the statement that the MPS residency requirement helps to attract high-quality teachers.
- Almost 89% say that MPS would attract higher-quality teachers if it rescinded the residency requirement.

- About 62% report that the residency requirement would make them less likely to seek a position in MPS.
- Almost 70% do not believe that other teachers-in-training at UWM think that the residency requirement is a worthwhile policy.
- Over 82% would prefer to apply for teaching positions in school districts that do not have residency requirements.

Obviously, UWM teachers-in-training hold strongly negative views regarding the residency requirement. This is especially noteworthy given the commitment of the UWM School of Education to an urban mission and the special efforts it makes in its training programs to prepare its students for work in urban schools. If the requirement generates strong opposition among this sample of teachers-in-training, it very likely would act as a disincentive to Milwaukee-area teachers in other samples at least to the same degree.

Are Quality Concerns Offset by Other Educational Benefits?

The data from state comparisons of teacher quality and local surveys of teachers make a compelling case that the residency requirement contributes to reduced quality among MPS teachers. This is a serious matter. However, proponents of the residency requirement argue that any worries about teacher quality are offset by several benefits. The residency requirement, they say:

- helps teachers gain a better understanding, based on personal experience, of the problems that face urban children and parents.
- increases teachers' stake in MPS, since teachers who are parents will enroll their children in MPS schools and will have deep, personal reasons for wanting the schools to be effective.
- improves the economic well-being of the city by keeping one important set of middle-class households in the city.

If they were in fact true, these claims about the effects of the residency requirement would

constitute a strong argument for retaining it, even given the adverse effects of the requirement on teacher recruitment and retention. In fact, however, these claims do not stand up to close examination.

Where Do Milwaukee Teachers Live?

Consider first the claim that the residency requirement helps teachers gain a better understanding, based on their personal experience as urban residents, of the problems that face urban children and parents. This claim rests on an assumption that teachers affected by the residency requirement will live in the city *as their students do*, integrated into the neighborhoods in which they teach. For inner-city children, so the argument goes, teachers who live in the neighborhood will serve as positive role models. Those who make this argument describe a scenario in which teachers live on the same blocks as disadvantaged inner-city students—sharing similar living quarters, shopping at the same shops, meeting the same people coming and going on the streets—and find ways to become involved in the lives of young people and their families outside of school.

Few would deny that MPS teachers living in close proximity to MPS students, sharing their everyday life experiences, could have a positive effect on students' lives. But, few teachers live in the neighborhoods where they teach. Instead, they live where they want to live within the diverse areas of the city, making residential choices based on their personal preferences and what they deem best for their families.

So, where do MPS teachers live?⁵ The data show that the ten Milwaukee census tracts with the largest concentrations of teachers lie within certain very distinct areas of the city. The largest concentrations of educators to residents are on Milwaukee's East Side,⁶ South Side, and Bay View neighborhoods, along the Wauwatosa border, and near Greenfield and West Milwaukee. The next most popular areas for teachers are in the northern part of the city near Ozaukee County, with further concentrations also scattered about Milwaukee's South

and West Side Census tracts. We looked particularly to see if many educators lived in the central city. The data show very few educators per resident living in central city census tracts, particularly in the central city between approximately Capitol Drive and North Avenue.

The teacher residency requirement has not had the effect of integrating most MPS teachers into the neighborhoods where most MPS students are concentrated. Specifically, it has not brought about any significant presence of MPS teachers to inner-city neighborhoods.

Teachers as Stakeholders in the Public Schools

Consider next the claim that the residency requirement gives teachers a stronger stake than they otherwise might have in maintaining the quality of the public school system. This claim rests on an assumption about teachers who are parents. The assumption is that teachers who are parents would send their own children to MPS schools, and then, like other parents, they would feel a heightened sense of concern, based on self-interest, in the quality of those schools.

However, the facts are different. A major study, authored by Doyle, Diepold, and DeSchryver⁷ examined where teachers from large, urban public school districts send their own sons and daughters to school. Do they choose public schools or private schools? Their study included Milwaukee. Using U.S. Census data, Doyle, Diepold, and DeSchryver found that 29.4% of MPS teachers send their own children to private schools. By comparison, 23.4% of other Milwaukee parents send their children to private schools. MPS teachers outpace other Milwaukee parents in choosing private schools for their children by six percentage points.

Compared to teachers nationwide, Milwaukee teachers also ranked high in terms of the percentage choosing to send their children to private schools. Doyle, Diepold, and DeSchryver found that while Milwaukee ranks 36th in the nation in terms of population, it ranks eighth in the nation regarding enrollment by public school teacher's children in private schools.

The fact that nearly 30% of MPS teachers who are parents opt out of the public schools is rather striking. At the same time, it calls one claim about the residency requirement into question. For nearly one in three MPS teachers who are parents, the teacher residency requirement has not increased the sense of a direct, personal stake in the success of MPS.

How a Weakened MPS Teacher Corps Impedes Economic Development

Another argument for the MPS teacher residency requirement is that if the rule were lifted and teachers could choose to live in other communities, the City of Milwaukee would suffer in terms of tax collections and consumer spending. This argument has been stated in a report

commissioned by the City of Milwaukee in 1994.⁸ The report concluded that if the rule were lifted, 60% of MPS teachers would choose to live outside of Milwaukee within 10 years. This outcome, according to the report, would have a significant adverse effect on property values and spending in Milwaukee.

If the teacher residency rule were rescinded, we have no doubt that some teachers would take advantage of the opportunity to move to another community. That said, it is also true that teachers who chose to leave would not simply walk away, abandoning their property. Instead, like other people who move, teachers would sell their homes to buyers who could afford to buy them.

MPS teachers outpace other Milwaukee parents in choosing private schools for their children by six percentage points.

Even if there were a certain short-term negative impact on Milwaukee property values, it should not warrant the continuation of the residency requirement. The role of MPS is to provide high quality education for Milwaukee students, not to lock in its employees to a geographic region and help city property valuations. The residency rule is a perfect example of a public policy in which those that pay the costs (MPS district in terms of challenges in hiring quality teachers and ultimately the students that are taught by lower quality teachers) are not those that receive the benefit (City of Milwaukee in higher property values).

These adverse economic effects, if they did materialize, would most likely be negligible and short-term. The 1994 City of Milwaukee report failed to consider the likely long-term effects of rescinding the residency requirement. As we have attempted to show, rescinding the residency requirement would enlarge the pool of prospective MPS teachers, thus improving teacher quality and the quality of the education provided in MPS. Studies consistently show that the quality of public education in a given community is an important factor in Americans' decisions about where to live. Education quality also affects real estate prices. In fact, a recent survey by the National Association of Realtors ranked public education second only to crime as a factor influencing the decisions of home buyers. "Poorly performing schools," the survey report concluded, "can limit the desirability of even the best housing stock, while great schools can attract new life into the worst neighborhoods."⁹

The world of academia agrees. In a 1997 study, UCLA economist Sandra E. Black analyzed the relationship between home prices and student test scores.¹⁰ She found that parents are willing to pay 2.5% more for housing per every 5% increase in test scores. Other researchers have found similar results.

Instead of trying to protect and increase property values in Milwaukee by retaining a teacher residency requirement based on false assumptions, it would be better to focus on improving the quality of education provided

by MPS. Defending a latter-day version of the Iron Curtain around the city's border will not produce the long-term impact on economic development that city leaders desire; because without high quality teachers Milwaukee neighborhoods will prove to be unappealing to many parents or potential parents. The City of Milwaukee should not "free-ride" on the MPS as a way to maintain property values.

In summary, the MPS teacher residency requirement has survived despite the fact that it has not achieved any of the goals claimed on its behalf.

- MPS teachers are less credentialed than teachers in other districts statewide.
- The turnover rate among MPS teachers is high.
- Local teachers-in-training are reluctant to apply for jobs in MPS.
- Many good teachers—teachers who loved teaching in MPS—have left the city because of the residency requirement and accepted teaching positions in Milwaukee-area suburbs.
- MPS teachers live in distinct pockets of the city and on the city's periphery—almost never in the central city.
- Nearly 30% of MPS teachers who are parents send their children to private schools.
- Most teachers live in desirable residential neighborhoods in the city. If they were freed up and some moved out, their departures would have only negligible, short-term economic effects (if there were any effects at all), since the homes vacated by teachers would be bought by people of a similar income category.
- Rather than seeking to bolster property values and foster economic development in the city by retaining a teacher residency rule, Milwaukee would be better advised to improve the quality of education provided by MPS.

It's fair to portray the residency requirement as contributing to the erosion of the qual-

ity of education in MPS, and it has failed to deliver the benefits touted by its proponents. So, why does the residency requirement remain in place? Perhaps because it helps meet a political agenda.

Why Does the Residency Requirement Survive?

The MPS teacher residency requirement remains intact at least partly because it provides political benefits to the MTEA leadership and, in turn, to some local candidates for elective office. We analyzed data, by Milwaukee city ward, for every general school board election held in Milwaukee between 1994 and 2004.¹¹ We categorized City of Milwaukee wards as “teacher dominated” whenever 2000 U.S. Census data showed that 8% or more of a tract’s population worked in the education, training, or library occupation category. Further, we categorized candidates for office as “union supported” if information from the City of Milwaukee Election Commissioners’ office showed a contribution to a candidate’s campaign from either the MTEA or the Wisconsin Education Association Council (WEAC).

The data show that union-supported School Board candidates fare significantly better in teacher-dominated wards than in other wards. In fact, union-supported candidates garner more than 53% of the vote in teacher-dominated wards; they receive support from only 48% of voters in other wards. While the voting in teacher-dominated wards remains competitive, union-supported candidates have a substantial edge in those wards over non-union candidates.

The reasons for this substantial edge are three-fold. First, teachers are concentrated in certain wards in the city, so they can be influential in certain wards as well as the at-large

school board races. Second, teachers, similar to other college-educated people, are more likely to vote. Elected officials then would be more likely to pay attention to them as a result. Finally, the fact that school board elections are held in the Spring, and thus attract relatively few voters, makes the value of their votes even more important. In fact, in the Spring 2005 election only 30,908 of the 436,405 registered voters (7%) in Milwaukee turned out to cast ballots. Contrast this with the November 2004 election, in which a U.S. presidential contest was on the ballot, where 277,535 of 396,600 (70%) registered voters went to the polls. Obviously, teachers have a greater incentive to vote in these low-turnout elections and, therefore, have a substantial impact on the outcome.

These data show that the teacher residency requirement yields a measurable, concentrated benefit to the MTEA and to local officials who appeal to MTEA voters. We have here a textbook case showing how a special interest group effect produces at least de facto support in leadership circles for a failed government policy. The data

also help to explain why no one—in the MTEA or among School Board members—has much interest in making the political sacrifices that would be required in order to negotiate the residency requirement out of the MPS collective bargaining agreement.

Interviews with individuals who have first-hand knowledge of recent negotiations between the MTEA and the MPS School Board substantiate this finding. While MTEA leaders state that removing the residency requirement is an important priority for its membership, our people close to the situation report that the MTEA makes only weak, pro forma efforts to bargain away the residency requirement during contract negotiations. Similarly, our sources report that the MPS Board would

The data show that union-supported School Board candidates fare significantly better in teacher-dominated wards than in other wards.

agree to give up the residency requirement only if it could extract, in return, large concessions from the MTEA on other points. The stalemate persists because neither side has a strong political interest in removing the residency requirement. It has nothing to do with education quality.

Notes

1. See www.wasb.org for more information.
2. It should be noted that total compensation, or the value of salary and benefits, would make for a better comparison of district choice for teachers. Unfortunately, this data is not collected by the Wisconsin Association of School Boards (WASB) for new teachers. The data used for this analysis is the BA base salary or salary of a teacher with a bachelors degree and no teaching experience.
3. It would have been interesting to compare these same statistics between the Milwaukee Public Schools and other urban U.S. school districts. Unfortunately, comparable data are not available nationally.
4. Based on an interview (August 9, 2005) with MTEA Executive Director Sam Carmen and MTEA President Dennis Oulahan.
5. Census tracts are small, relatively permanent statistical subdivisions of a county. Census tracts usually

have between 2,500 and 8,000 persons and, when first delineated, are designed to be homogeneous with respect to population characteristics, economic status, and living conditions.

6. Again, it should be noted that University of Wisconsin-Milwaukee teaching faculty and staff likely affect these numbers. There are 2,399 such members of the UWM faculty in comparison to over 6,100 MPS teachers. Not all UWM faculty, of course, live near the campus.
7. Doyle, Denis P., Diepold, Brian, and DeSchryver. *Where Do Public School Teachers Send Their Kids to School?* (Washington D.C.: Thomas B. Fordham Institute. September 7, 2004).
8. See "Impacts of Rescinding Teacher Residency Requirements in the Milwaukee Public Schools." S.B. Friedman & Company, May 27, 1994.
9. This information is documented in "Public Schools: A Toolkit for Realtors," published by the National Association of Realtors in 2005.
10. Black, Sandra E. "Do Better Schools Matter? Parental Valuation of Elementary Education." Federal Reserve Bank of New York, Research Paper Number 9729, September 1997.
11. Data acquired from the City of Milwaukee Board of Election Commissioners Biennial Reports. September, 2005.