



ALLEGHENY INSTITUTE

FOR PUBLIC POLICY

September 8, 2014

Policy Brief: Volume 14, Number 43

East Allegheny Teachers on Strike

In yet another indication of how out of touch with economic reality the teacher unions in Pennsylvania are, the East Allegheny District teachers are on the picket line demanding more generous terms in a new contract. Terms the school board has refused to meet because of the increase in the tax rate it will require. Meanwhile, teacher union members in other school districts are supporting the strike—no doubt in hopes the East Allegheny school board will be forced to cave and set an example for upcoming negotiations in their districts.

Of course, the unions don't deal in any economic reality except the one that they cocoon themselves in ignorance of the world around them. It would be extraordinary if they could take their blinders off, stop listening to their union boss's version of the facts for a few minutes and get some idea of how good they have it in comparison to most of the people who are paying the taxes that support them so well.

The average pay of the 130 or so teachers in the district for the school year 2012-13 was over \$64,000 for a 36 week school year and some teacher work days. Obviously, many of the more senior teachers and those with advanced degrees are making well above the average. Based on their hourly compensation the average pay would be \$84,000 for a full year for East Allegheny teachers. This is comparable to the pay of full time employed engineers in Pennsylvania. And bear in mind that the average salary for year round employed persons in Pennsylvania was \$45,000 in 2013.

Beyond the handsome salary levels, the benefits package instructional employees currently receive amounts to 57 percent of the salary compensation. This package includes very generous medical insurance and pension benefits that are far superior to those received by the vast majority of private sector employees—that is, for those who still get employer sponsored pensions. Indeed, the school pension fund problem has reared its ugly head over the last five years requiring a near tripling of District payments into the fund from \$557,000 in 2008-09 to \$1,365,000 in the 2012-13. And, this problem promises to continue to worsen for some time to come.

Moreover, enrollment in the district fell by 209 students to 1,692 students in 2012-13, an 11 percent drop since school year 2009-10. This has happened even though District expenditures have climbed 15 percent from the 2011-2012 school year when stimulus funds had been used up. Those expenditures were funded by significant increases in local revenue and state funding. Currently, the district is spending just under \$18,500 per student.

On the revenue side, state funds rose from \$11,370,000 in 2011-12 to \$12,937,000 million in the current fiscal year, a 13.8 percent rise. Local tax revenues climbed from \$15,574,000 to

\$16,851,000 over the same period, a rise of 8.2 percent. So the idea that the state and local taxpayers have not been trying to keep funding up is simply not true. It's just that jumps in pension outlays and costs of other benefits alone are eating up the revenue increases.

Clearly, unless something is done to rein in the pension funding nightmare, budgets will be strained and employee cutbacks will likely be required. It is happening in other districts and East Allegheny with its declining enrollment will not escape this harsh reality. This reality, along with any labor settlement that further worsens the financial capability and stability of the East Allegheny District, will almost certainly cause some teachers to lose their jobs.

If the teachers have any respect for the taxpayers and the children, they would be of a mind to help the District through the tough period it now faces and through the years of declining enrollment and rising pension fund payments. The problem is the seniority privileges. The most senior teachers will be spared layoffs if cuts are made and those most recently hired will lose their employment. And that quite often means very good younger teachers are sacrificed in favor of keeping less capable senior teachers. So, the District could be doubly harmed by having to lay off teachers and/or classroom aides.

But this is what the union wants and they typically get heavy support from their members, both senior and recently hired.

The damage done by strikes in terms of problems created for parents will be delays or postponements in assignments, and pushing the end of the school year to the middle of June or later if it is a hard winter with a substantial number of snow days. But worst of all, the union members will lose no pay. They will work the entire number of days required to complete the school year and get all their annual salary. Pennsylvania needs to adopt the New York model wherein striking school workers are docked two days of pay for every one missed, so they are actually losing pay when they get paid for days worked in making up lost time. That is a powerful deterrent to strikers.

Just once it would be refreshing to hear a teacher who is unhappy with the pay at East Allegheny say they are applying to other schools that pay better or that they are looking at private sector employment. It won't happen because the union mentality is so ingrained it cannot be shaken by facts or events. If they price themselves out of jobs, they will blame the Governor or the Legislature or selfish taxpayers who do not appreciate them and will not give them what the teachers think they deserve.

Until the Pennsylvania Governor and Legislature decide teacher strikes are hurting the state and its taxpayers and end the right to strike, the East Allegheny strike will simply be just one in a long line of strikes to come across the state.

Jake Haulk, Ph.D., President

*Policy Briefs may be reprinted as long as proper attribution is given.
For more information about this and other topics, please visit our website:
www.alleghenyinstitute.org*

| |
|---|
| <p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p> |
|---|