

Teachers and Legislators Getting Schooled on Bad Policies

Facing a large budget deficit, the Plum School Board has voted to lay off 23 teachers. The principal causes of the \$1.48 million deficit are salary increases of over \$900,000 and a requirement to boost the District's pension contribution by \$1,000,000 for the upcoming fiscal year. Limited to raising tax revenues over the current fiscal year by a state imposed index, the School Board has opted not to apply for an exemption from the Department of Education to increase tax rates.

Teachers were asked to voluntarily forgo the salary increases called for in the contract but rebuffed the request, necessitating the personnel reductions. As required by a state law that does not allow teacher layoffs for economic reasons but does permit layoffs for enrollment declines or program eliminations, the Plum school board is targeting several programs for elimination including ROTC, television production, and family consumer science among others. Predictably, the teachers' union head responded that "children should not be held hostage"—adding that the union wants to save all programs now and in the future.

How ironic. Teachers' unions have pushed for and received the job protection legislation that prevents school boards from making teacher layoffs across departments and working to achieve the least disruptive results of layoffs. By forcing school boards to eliminate entire programs in order to make layoffs, the legislation does exactly what the teachers want; hold taxpayers hostage. They pit parents against taxpayers knowing students and parents of children taking classes in the programs targeted for elimination will raise a fuss and clamor to preserve the programs. This strategy of pitting parents against the taxpayers and the school board on behalf of teachers works well when strikes or threat of strikes occurs. It is very clever to set up a scheme that deflects attention from the creators of the problem to the school board.

All this is now occurring in the reality of the massive and growing shortfalls in the Pennsylvania teachers' and state employees' pension plans. These shortfalls will necessitate very large additional contributions from the state coffers as well as school districts over the next few years if major changes in the pension laws are not forthcoming. The reforms proposed by the Governor earlier this year would go a long way to dealing with the problem. However, these reforms face enormous opposition from state employee and teacher unions with the threat of court challenges. The plan to implement a new payout scheme for future years of service of employees who are currently employed while preserving the benefits earned to date is a major obstacle. Outcomes in the court are not assured and reforms could be nullified completely or delayed for many years.

But the lesson from Plum for teachers and the Legislature could not be clearer or starker. With the billions of dollars that will have to be poured into pensions over the next several years if

dramatic pension reform is not enacted, the state and school districts are facing an excruciatingly difficult dilemma of deep spending cuts or tax hikes. And as long as the law is in place that requires program elimination to layoff teachers, school boards will eventually be forced to cut into education muscle and bone.

Here is the reality. If teachers and state employee unions are not willing to accept the proposals outlined by the Governor, they will inevitably see their wages and non-pension benefits cut and many of their associates lose their jobs. The only alternative will be tax hikes that will cost many private sector jobs and hurt the state's economy, a situation that over the long term helps no one—and certainly not the public sector unions.

It is now incumbent on the General Assembly to move quickly on substantial pension reform legislation to avert the coming disaster. It should also immediately amend the statute that requires entire programs be eliminated in order to have teacher layoffs. And that should be followed by emulating the states, including the addition of Wisconsin in 2011, that do not permit teacher strikes. Teacher strikes are the ultimate argument against public sector unions. Nowhere is the Madisonian admonition for the government not to create and/or side with powerful interest groups more in evidence. The opportunities for powerful public sector unions to use their considerable resources and influence to get friendly legislators elected and to have those legislators work for legislation favorable to the unions are demonstrably antithetical to good governance and sound fiscal policy. And they are the ultimate weapon against taxpayers.

The teachers and state employees have a decision to make. Will they fight pension reform with great zeal and vehemence and likely win a pyrrhic victory wherein they cause great damage to themselves and the state's economy and taxpayers?

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