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Unbridled Disdain for Taxpayers

Imagine a government-created, government-protected monopoly whose product is purchased by government entities to provide a legislatively mandated service. It is a virtual certainty that over time this monopoly will become oblivious to the competitive market forces normal economic entities encounter every day. Hence, the monopoly will not be concerned that its prices are out of touch with economic reality and after many years the monopoly will become less and less concerned about the quality of its product because the mandated purchasers have nowhere else to buy the product.

That in a nutshell describes the teachers' unions in Pennsylvania. Proof? Consider a recent statement by Ed Christy, regional field director of the Pennsylvania State Education Association (PSEA) as quoted in the April 5, 2004 edition of the Pittsburgh Tribune Review. The news story explained how teacher contracts with fully paid health benefits are the norm and how those costs have risen massively in the past few years, forcing school districts to raise millage rates to cover health benefits.

Said Mr. Christy, "And we're seeking to maintain it (fully paid health care), just like any other union. I can certainly sympathize with people who have to pay, but unfortunately those are people in non-union environments." This comment is a perfect illustration of how far removed from any notion of competition the teachers' unions have become and the total disdain they show toward the folks who pay their salaries.

There are so many problems in Mr. Christy's statement that it is hard to know where to begin. However, there are two main points that need to be made. First, the "people in non-union environments" include many elderly, retired folks—some of whom might have been in unions during their working days—who are now on limited incomes and are having a lot of trouble paying exorbitant school taxes. Many of these "people" are young families struggling to make ends meet. There are many others who are forced to work multiple jobs to get by in a job market that is still losing good jobs and in which compensation increases are very hard to get. Many of these workers go without any health coverage at all while the overwhelming majority of teachers across the Commonwealth enjoy health benefits paid in full by their districts. By comparison, in the private sector fewer than 10 percent of workers have medical benefits fully paid by their employer.

Second, Mr. Christy's comments clearly reflect the arrogance and audacity that can only come from being a government-protected monopoly whose customers are required by law to buy its product. Perhaps Mr. Christy has deluded himself into believing that teachers have, through some meritorious activities, earned such an exalted status. But the fact is that the power exercised

by teachers' unions, including having the right to strike, derives from politics, pure and simple. Furthermore, strikes by teachers in Pennsylvania have been used quite frequently compared with the other states that permit strikes. According to data from the Pennsylvania School Boards Association, one out of every four public school strikes in the United States from 1971 to 2002 occurred in Pennsylvania. From 1993 to 2002, one out of every two strikes in the U.S. occurred in the Commonwealth. Strikes represent the ultimate bargaining leverage and create an imbalance of power at the bargaining table.

So, when Mr. Christy says he is sorry for people who do not have unions to make sure they get fully paid health benefits, he is speaking as one whose limited understanding is based on the ability to exercise government granted power which will never be taken away.

Bear in mind too that Pennsylvania's teachers received an average annual salary of \$50,599 in 2002, seventh highest in the nation, and 15 percent higher than the national average of \$44,367. In Allegheny County, the average annual teacher salary is \$53,318, 20 percent above the national average. Meanwhile, the annual income for all workers in Pennsylvania averages \$35,808, nearly \$15,000 below teacher salaries. A vast majority of Pennsylvania workers must contribute to their health insurance and many get little or no employer provided coverage. Mr. Christy's statement shows utter disdain for the plight of these people who, on top of all their other problems, face rising taxes to pay for his union's increased health benefits cost.

Finally, the gentleman's comment ignores or shows no understanding of the fact that private sector unions—whose employers are obliged to deal with market forces—must come to grips with market place realities or run the risk of having their jobs disappear. The teachers' unions face no such consequences as long as their protectors in Harrisburg are in place. There is a corrective mechanism for this situation, but it takes a very long time to work. As taxes rise ever higher to meet teachers' union demands, people and businesses will simply move to lower tax areas, many out of the state entirely. But this is a slow process and will not lead to legislative correction unless or until the state faces an acute crisis.

The cumulative effect of the state income tax increase, school tax hikes, a stagnant economy, high and climbing teacher compensation costs and frequent strikes do not bode well for Pennsylvania.

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