

David Hadley: Raising teacher salaries without raising taxes

By David Hadley

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Suzanne and I have our kids in Manhattan Beach's public schools. The schools were the reason we moved here, and we have loved the vast majority of our kids' teachers.

Contract negotiations with Manhattan Beach's teachers haven't gone well this summer. The school district and the union are far apart, and the school board recently declared an impasse in the negotiations.

All over California, the state's dire financial straits are leading to similarly contentious contract negotiations. What to do?

I value my kids' teachers; I want to give them a raise if we can. But in a time of budget cuts to education where can the money for higher teacher compensation come from? Here are three non-taxing ways to get there.

Boost productivity

Productivity is how the private sector creates wealth to support raises. And there are many ways to raise schools' productivity without sacrificing our kids' education.

Technologies like online learning could allow teachers to educate more students. We could have fewer non-teacher employees -- from administrators to custodians. We could outsource certain services.

We could get rid of contract provisions that make it virtually impossible for school districts to remove even the most ineffective teachers.

But the unions oppose most productivity boosters. They fight outsourcing. They are very cautious about technology; it seems their biggest concern is the number of teachers' jobs.

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And they refuse to accept that they have any sub-par teachers in their ranks.

Higher tax rates seems to be the unions' preferred approach to getting raises for teachers. The California Teachers Association fervently supports Gov. Brown's November tax hike initiative. The new state budget holds the schools hostage. If voters don't approve the tax increases, school funding will be slashed and the school year shortened.

I do not support this strategy. California is already among the nation's highest tax states. More pragmatically, if California voters would not raise tobacco taxes in June with Proposition 29, they are unlikely to raise the state sales tax in November.

Grow the economy

Our schools and teachers benefit from a strong California economy. For example, the gusher of tax revenue that came out of California's dot-com boom financed class-size reductions. And forecasts of more growth were the basis of then-Gov. Gray Davis' over-the-top benefit and pension commitments for state employees.

But in an epic mistake, California teachers unions have aligned themselves with Democratic Party interests that are driving tax dollars away. Democratic policies have led California to be labeled the least business-friendly state by CEO magazine for eight years.

Chapman University demographer Joel Kotkin estimates that 4million Californians have fled the state in the last 20 years. We have the nation's third-highest unemployment rate.

It is simple math. If the state economy doesn't grow and teacher productivity doesn't rise, we can't afford to pay teachers more. The unions need to support economic growth if they want teachers' incomes to rise.

Trade benefits for raises

Teachers' health care and retirement benefits are unfairly generous, and I am not going to vote to tax myself to pay for them. I own a small business (fewer than 10 employees), my fellow employees and I are saving for our retirements the old-fashioned way. Public sector pensions for 50-somethings -- initially intended for police and firefighting jobs that require physical vigor -- have been inappropriately extended to white-collar jobs like teaching.

And forgetting my opinion, the current payouts are doomed because the money to pay for them doesn't exist. So I would applaud if our teachers unions would trade away promises of gold-plated benefits for tomorrow -- which many of them won't get anyway -- for raises today. It would be great to restructure these pensions on a negotiated basis and spread the adjustment fairly between current and future retirees. Amazingly, most current contract negotiations seemingly aren't even discussing pension and benefit costs.

There have always been short-term ways to get raises to teachers: tapping funding federal programs such as Race to the Top, borrowing the money, or digging into cash reserves.

But the jig is pretty much up. California is broke. I would not be betting teachers' raises on the feds given Washington's trillion-dollar deficit. And with the state's financial situation, school districts should be saving their reserves for the likely event of more state cuts.

Teachers' raises can ultimately come from higher teacher productivity, a growing economic pie or crafting more-reasonable benefits. But if teachers union negotiators think that the raises can

come from yet-higher tax rates or short-term solutions, I will oppose their demands no matter how much I like my kids' teachers. It is a matter of fairness and financial reality.

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