

BLUE MODEL BLUES

NYT Highlights Teacher Pension Ponzi Scheme

Are pension reformers “anti-teacher,” as their liberal critics so often charge? Or is it the unions fighting tooth and nail to preserve the status quo? A *New York Times* examination of pension funding patterns shows that the existing system increasingly benefits only a small minority of teachers—those who spend decades in the same profession and the same state. New teachers and teachers who switch careers are essentially seeing their wages garnished and redistributed to the senior teachers who control the profession’s collective bargaining apparatus:

As teachers across the country retire, their pensions are being subsidized by newly hired teachers to a surprising degree. Teachers’ pension plans have always rewarded long-serving veterans at the expense of short-termers. But now, as more and more plans develop shortfalls, states have been imposing cost-cutting measures, and recent research shows that the newest hires are bearing the brunt of the changes, raising questions of fairness. [...]

A traditional pension can be a very attractive benefit, at least for those who work long enough to get back more money than they contribute. But because of high teacher turnover, mobility from state to state and other factors, only a minority of all newly hired teachers succeed in doing that.

Stand-patters in K-12 education policy often accuse Republicans of wanting to slash education funding so that it is harder to attract good teachers. And surely some Republicans want to do this. But perhaps the most important reason teachers have not gotten a raise is because of the failure of blue social policy: Spending on education has continued to increase, but pension mismanagement has forced governments to dig into the wages of new teachers to keep their overly-generous promises to retirees negotiated with feckless legislators by powerful union interests.

This isn’t just a problem for the budget. It also warps incentives for teacher hiring, firing and retention. First, it cements the institution of teaching as a lifelong career, preventing new blood from coming into the system, and discouraging talented young or mid-career people from experimenting in the profession. Second, because pension promises only become an asset after several decades, the costs of getting fired are much higher than they would otherwise be. This encourages teacher unions to do everything they can to make replacement of even the most incompetent teachers as difficult as possible.

Kudos to the *Times* for covering this story about the way that unreformed blue model governance is harming taxpayers, teachers and students. Hopefully its readers—especially blue state liberals—will pay attention.

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