



EDUCATION

ALERT

WHAT IS THE FUTURE OF SCHOOL DISTRICTS GIVEN OUR CURRENT ECONOMIC SITUATION?

Examining Governor Rendell's proposed budget for the 2010-2011 school year would lead one to conclude that there is a major new focus for more dollars to educational entities. Though it is true that Governor Rendell's new budget represents a continued commitment on the Governor's part to increase dollars for education, most of the dollars that are increased are going to districts with higher aid ratios (i.e., districts with less wealth from a market value/personal income perspective). Further, given the track record of Governor Rendell obtaining what he is proposing for education from the State Legislature has not been particularly good, one can only surmise that some of Governor Rendell's budget proposals were motivated from a partisan perspective to place the State Legislature in a position that it would have to cut back the education proposal of the Governor.

All of this bodes very poorly for school districts in the future. Regardless of a school board's political party affiliation, for the first time, many school boards are grappling with wanting to offer a fair level of compensation for its professional staff, yet faltering revenues, the prospect of the PSERS' cataclysm, and the need in many cases of reducing staffing and programs in order to balance the budget. Going to the taxpayers to fund huge increases in pension costs, even though it is an exception to Act 1, is not politically acceptable in an environment where most private sector employees do not receive a defined benefit pension plan and have also seen their pension, to the extent that they even exist anymore, evaporate as the result of the decline in the stock market.

What has the teachers' union response to this been? If

you go to the "special pension pull-out section" on the PSEA website, PSEA points back that in 2001-2003 employers had a respite in making a contribution to the pension system. Though that may be the case, that still does not deal with the underlying problem of the huge PSERS' pension spike moving forward over the next few years.

The lack of willingness of many union affiliates to recognize what is going on in school entities in the Commonwealth of Pennsylvania has become apparent at the bargaining table. Until such time as there is a realistic understanding of what is being face by most school entities in the Commonwealth of Pennsylvania, we are looking at a lengthy period of labor strikes in the Commonwealth of Pennsylvania where contracts will not be settled for a long time. Districts will be living with status quo situations, potential work-to-rule situations, and other labor disputes moving What is the future of school districts given our current economic situation?

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All of this is unpalatable for those individuals who cherish education in the Commonwealth of Pennsylvania. Until we all recognize that the State is bankrupt and our communities are dollars-deprived, the status quo may continue. However, the status quo is no longer good enough since the foundation of our educational system in the Commonwealth of Pennsylvania is currently at risk. The individuals who helped build that system, our valued teachers, are not recognizing the warning signs. Unless there is a dramatic shift in what happens at the bargaining table, our future of public education in Pennsylvania is in serious danger.

If you have any questions about the information contained in this Alert, please contact Jeffrey T. Sultanik at 610.397.6515 or jsultanik@foxrothschild.com, or any member of Fox Rothschild's [Education Law Practice](#).



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