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When Public Employees Won’t Budge on Their Benefits.

Philadelphia and its teachers are at war over health-insurance costs. Tens of millions of dollars the schools want are at stake.

How bad can a school system’s finances get? Probably not much worse than Philadelphia’s, whose near-perpetual fiscal crisis almost prevented the city’s schools from opening on time in each of the last two years. Now a nasty fight over health-insurance costs between the commission that oversees the schools and the city’s teachers’ union is writing the latest chapter in the nationwide effort to rein in exorbitant public-employee benefits.

The Philadelphia schools’ financial problems are longstanding The state took over the system in 2001, and it is currently governed by a School Reform Commission (SRC), three of whose five members are appointed by the governor and two by the mayor.

Nearly all the stakeholders have pitched in to help address the district’s financial shortfalls. The city added a percentage point to its sales tax and $2 to the price of a pack of cigarettes to help the schools, and some of the school district’s unions granted concessions.

The one exception is the Philadelphia Federation of Teachers (PFT). Earlier this month, the SRC voted to cancel its contract with the union and force its members to contribute to the cost of their health insurance. The PFT sued, and this week a state judge granted a preliminary injunction to stay all changes to the health plans. The district plans to appeal the injunction and fight another day on the question of whether the SRC acted within its rights when it canceled the contract and imposed new conditions.

PFT members currently contribute nothing to the cost of their health insurance. Under the SRC plan, members earning less than $25,000 annually would pay 5 percent of their health-insurance premium, those making between $25,000 and $55,000 would pay 10 percent and those who earn over $55,000 would contribute 13 percent. The average Philadelphia teacher, who earns $72,000, would pay $932 per year.

In 2013, the opening of school was threatened when the school district faced a $50 million shortfall even after laying off thousands of employees. (The district ultimately borrowed the money and reversed some of the layoffs.) This year the funding gap was $81 million. In each case, the shortfall would have been largely or completely eliminated by the health-insurance contributions, which are estimated to save between $60 million and $100 million annually — resources that are desperately needed in the city’s classrooms.

No one can lay the blame for Philadelphia’s school-finance crisis at the feet of the PFT. It is a far bigger problem that will require fundamental structural changes in how the city and the state fund schools. But the days of public employees — or anyone, for that matter — paying nothing toward their health-insurance costs are numbered, and rightly so. State and local taxpayers shouldn’t be asked to subsidize a public-employee perk that they themselves can only dream of.

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