



Ohio teacher contracts and high labor costs

To the citizens of Ohio: We do not have to raise taxes, lay off thousands of teachers or cut student programs to help our public schools survive the current financial crisis.

Despite their budget problems, our schools could get a lot more mileage out of the revenue they already receive if they weren't forced to pay exorbitant labor costs that are stipulated in teachers' collective bargaining agreements.

We at the Education Action Group Foundation have spent the past several weeks reviewing a sampling of teachers' contracts from school districts in Southwest Ohio. We've compiled our findings into a short, easy-to-read report titled "**Ohio Teacher Contracts: The Black Hole of School Spending.**" Here's a sampling of some of the highlights of the report:

- **Every contract we reviewed guaranteed automatic, annual step raises for teachers, at least through their first decade of service. After that, those automatic increases come in the form of longevity payments every few years. The step raises get larger as teachers earn higher academic degrees. These automatic raises cost school districts millions of dollars per year, and could be trimmed, or skipped for a year, to help schools get back on their feet.**

Example: In the **Cincinnati** school district, the payroll is expected to increase by just over **\$3 million** in the 2010-11 school year, due largely to automatic step raises.

- **The state of Ohio guarantees public school teachers at least 15 paid sick days per year, and most teachers contracts we reviewed give them an extra 2-4 paid personal days per year. That means they can be absent with pay for about 10 percent of their 185-day work schedule, and many of them take full advantage. The cost of paying absent teachers is exacerbated by the cost of paying substitutes to cover for them.**

Example: The **Oak Hills** school district offers 15 paid sick days and three paid personal days. In 2009-09, the district reported having **4,187 sick or personal days**. The district paid out **\$1.6 million** in salary for sick or personal days, as well as **\$851,118** for substitutes.

- **Every contract we reviewed allowed teachers to cash in a generous percentage of their unused sick days, usually at retirement. While these policies are supposed to be an incentive for good attendance, they still cost schools a great deal of money every year. Payments could be eliminated or set aside for a year or two to help our schools meet costs.**

Example: In the **West Clermont** district, teachers are allowed to claim reimbursement for up to one-fourth of their accumulated unused sick time, to a maximum of 62 days. The district paid out **\$380,705** for unused sick days following the 2008-09 school year.

- **Nearly every contract we reviewed stipulates that the school district will pay somewhere between 85-95 percent of employee health premiums, at a cost of millions of dollars.**

Example: In the **Lakota** school district, the school board offers HMO and PPO plans and covers 85 percent of employee insurance premiums. In 2008-09 the district paid out **\$8.9 million** for employee health insurance. If employees covered another 5 percent, about \$445,000 could be saved.

- **Most districts offer union officials paid release time to conduct union business**

Example: In the **Lakota** district, the union president is granted one-half leave time with full pay. That means the president only has to teach a half day. The union reimburses the district a quarter of the president's wage and benefits, while the district covers the cost of substitute teachers. In 2008-09 the district paid out roughly **\$48,000** under this category and received about \$10,000 in reimbursement from the union.

- **Virtually every contract we reviewed calls for six or seven figures worth of "supplemental contracts, stipends and bonuses." They range from negotiated coaches salaries, extra pay for various extra teachers duties, bonuses for teachers gaining national board certification, teacher tuition reimbursement, bonuses for early retirement and a long list of other extra costs.**

Example: In the **Kings** district, supplemental costs, stipends and bonuses totaled **\$545,000** in 2008-09.

- **Some districts are contractually bound to pay teachers extra salary if they have one or two students beyond the negotiated maximum number in their classrooms.**

Example: The **Cincinnati** district pays teachers \$135 for every extra student in the classroom. The district paid out **\$115,935** in this category in 2008-09.

We took one area school district, **Oak Hills**, and added up all the costs associated with various teacher contract stipulations. They included \$3.9 million health insurance for teachers, \$1.6 million salary for sick and personal days, \$851,118 for substitute teachers, \$800,000 step raises, \$428,450 reimbursement for unused sick days, \$495,846 supplemental costs, \$37,000 for teachers substituting during their down time and \$6,000 for an early retirement bonuses for the 2008-09 school year.

If teachers had paid another 10 percent of their health premiums, the district could have saved nearly \$400,000. If the 18 paid sick/personal days had been cut in half, the district might have saved \$800,000. Cutting the number of paid sick/personal days might have also trimmed about \$400,000 in substitute teacher fees. If step raises had been cut in half for a year, the district could have saved \$400,000. Cutting supplemental costs and stipends in half would have saved about \$240,000. Cutting the reimbursement for unused sick says in half would have saved about \$214,000. Forcing teachers to occasionally substitute on their down time without extra pay would have saved \$37,000.

A conservative estimate is that the Oak Hills district could have saved about \$2.5 million in 2008-09, if the school board and union had agreed to sit down and cut labor costs, at least on an emergency basis.