

Sucking the Life Out of America's Public Schools

The Expense of Teachers Union Contracts



Part I

Milwaukee Teachers Education Association Contract

EAG
news.org

Written by **Steve Gunn**
Research by **Victor Skinner**
Spring 2012

HOW UNION LABOR COSTS HAVE SUCKED THE LIFE OUT OF MILWAUKEE PUBLIC SCHOOLS

Milwaukee Public Schools were facing a severe budget crisis at the end of the 2009-10 academic year, due to declining tax revenues and enrollment and rising costs.

The most problematic costs involved labor, more specifically union labor.

The average salary for a district teacher had risen to more than \$56,000 while the average cost of benefits per teacher had increased to more than \$40,000, bringing the average cost of employing one teacher to approximately \$100,000 per year, according to published reports.

District officials estimated they would be spending 74 cents on employee benefits for every dollar spent on salary in the next school year. That's very high compared private sector employees, whose benefits generally run in the 30 cent range for every dollar of salary.

To control runaway labor costs, a total of 282 teachers were ultimately laid off.

A year later, the district faced another funding crisis following the loss of about \$84 million in state aid and about \$82 million in one-year federal stimulus funds, according to published reports. More than 500 employees, including 345 teachers, ultimately lost their jobs.

Teachers union officials were told that many of the layoffs could be avoided if employees agreed to a few modest financial concessions. They refused to cooperate.

Despite the budget shortfalls and layoffs both years, the school district was still spending millions of dollars on unnecessary provisions in the teachers union collective bargaining agreement, including automatic annual raises, a three percent "lump-sum payout" raise, free health insurance, free pension contributions, reimbursement for unused sick days and many other perks.

Given those questionable expenditures, taxpayers have a right to wonder if layoffs and other budget cuts were really necessary.

We would argue that the Milwaukee district had more than enough money to function properly, with a full staff, if the school board would have had the power to reduce labor costs without the approval of the district's notoriously stubborn teachers union.

That kind of power came with Act 10, the new state law that greatly curtails collective bargaining privileges for school employees. But the Milwaukee school board had already extended its collective bargaining agreement with the Milwaukee Teachers Education Association before Gov. Scott Walker was elected and the new law was passed. The district cannot apply Act 10 until that agreement expires in 2013.

We took a close look at the existing collective bargaining agreement between the MTEA and Milwaukee Public Schools, to see how different kinds of labor costs were eating away at the school budget in 2010-11, and how many of those costs could have been trimmed, suspended or cancelled to save the district millions of dollars during the financial emergency.

The costs listed below are only some of the questionable expenditures made under terms of the teachers union contract. We're sure more digging would produce more results.

MTEA EMPLOYEE COMPENSATION

Milwaukee Public Schools spent a total of \$1.316 billion in 2010-11. The total spent on salary and benefits for all district employees was \$927.9 million.

The total spent on salaries and benefits for teachers and other employees covered by the

teachers union collective bargaining agreement was \$842.9 million (\$483.8 million for salaries, \$359 million for benefits), which equaled 90 percent of all employee compensation and 64 percent of total expenditures.

AUTOMATIC ANNUAL RAISES

Teachers union officials frequently claim that their members haven't received a raise in a number of years. That's almost never the case. Milwaukee teachers, like most in America, have collective bargaining clauses guaranteeing automatic annual "step" raises through most of their first two decades of their careers, based on length of service and the number of graduate school credits they've earned in their free time.

A copy of the school district's 2010-11 salary step chart for teachers is at the end of this report.

Milwaukee Public Schools spent an extra \$5.5 million in salary in 2010-11 due to automatic annual "step" raises for teachers and other employees covered by teachers union collective bargaining agreement.

2010-11 Per-Hour Compensation

Step	Days	Salary (BA)	Salary Per Hour**	Avg. Benefit Cost***	Salary + Benefits Per Hour
1	191	\$35,729	\$25.80	\$41,591	\$55.83
5	191	\$42,067	\$30.37	\$41,591	\$60.40
10	191	\$49,991	\$36.10	\$41,591	\$66.13
16	191	\$66,144*	\$47.76	\$41,591	\$77.80

*with Masters Degree (required)

**7 hours, 15 minutes per day for high school employees

***Milwaukee Journal-Sentinel, Feb. 10, 2011

LUMP SUM PAYMENT TO TEACHERS

In lieu of a general across-the-board raise, Milwaukee teachers and others covered by the MTEA union contract received lump sum payments in 2010-11 equaling three percent of their wages from the previous school year.

The lump sum payment to teachers and other employees cost the district an extra \$10.4 million in payroll in 2010-11.

HEALTH INSURANCE

The MTEA collective bargaining agreement says, "The Milwaukee Board of School Directors shall pay the full premium cost (single or family), including vision, for eligible employee participation in the PPO indemnity health plan or 100 percent of the premium for the HMO/EPO plan, whichever the employee chooses."

Milwaukee Public Schools paid out nearly \$232 million for health insurance for all employees and retirees in 2010-11. While district officials say they lack the capability to break out the separate cost for claims and expenses for teachers, it did report that teachers comprised about 55 percent of the covered workforce.

Using that percentage, we can estimate that the district paid approximately \$128 million toward health insurance for union teachers in 2010-11. Based on the terms of the collective bargaining agreement, teachers did not contribute toward their own health insurance costs.

WISCONSIN RETIREMENT SYSTEM

Before Act 10, school districts were required to pay 5 percent of their employees' retirement pension costs plus another 2 percent for "past service liability." Employees were required to pay 5 percent, as well as a 1.5 percent "benefit adjustment contribution."

Traditionally, Milwaukee Public Schools have paid both the school district and employee share of contributions.

Milwaukee Public Schools paid out a total of roughly \$56 million in pension payments for teachers in 2010-11. Since the contribution the school was responsible for was slightly more than half of the total, we can estimate that the district picked up a tab of more than \$28 million for the teachers.

UNUSED SICK DAY REIMBURSEMENT

According to the teachers union collective bargaining agreement, "upon retirement, employees shall be paid up to 40 accumulated full days of (unused) sick leave in excess of 70 percent of the maximum full-day accumulation."

MPS paid out \$709,306 in reimbursement for unused sick days to newly retiring employees, most of them covered by the teachers union collective bargaining agreement. District officials noted that this figure may include "some non-MTEA members" due to difficulties in segregating costs.

EARLY RETIREMENT FUND

The MTEA collective bargaining agreement says, "Upon attainment of age 62, eligible employees may elect an early retirement option. The difference between the employees retirement benefit obtained from the Wisconsin Retirement Fund and that which the employee would receive if retirement were at age 65 will be paid as a retirement benefit by the board."

Milwaukee Public Schools paid out \$15.6 million to the early retirement fund in 2010-11. Teachers and other employees covered by the MTEA contract did not contribute to this fund.

COVERING CLASSES FOR ABSENT COLLEAGUES

According to the collective bargaining agreement, "Teachers who are asked to teach all or part of a class, when the regular teacher is absent, shall be paid on the basis of the established part-time certificated rate properly prorated."

Milwaukee Public Schools paid out \$1.3 million for teachers to occasionally teach a class for an absent colleague in 2010-11.

LUNCH SUPERVISION

An interesting item in the MTEA contract says, "One teacher per lunchroom, supported by educational assistants within the limitations of the allocation, shall be used to supervise elementary school lunchrooms. However, if the principal ... determines that the safety of the children requires additional supervision, he/she may assign an additional teacher per lunchroom for supervision."

Milwaukee Public Schools paid out approximately \$2 million to teachers for elementary lunchroom supervision in 2010-11.

BUS LOADING SUPERVISION

The teachers union collective bargaining agreement says, "If it becomes necessary to schedule elementary regular non-activity buses to leave after the close of the teacher workday, student supervision shall be handled as follows: Teachers will be paid at the part-time certified rate of pay for such supervision with a minimum of 15 minutes pay for each day."

Milwaukee Public Schools paid out \$90,781 to teachers for elementary bus duty in 2010-11.

HEALTH REIMBURSEMENT ACCOUNTS

Another item in the collective bargaining agreement says, "The Board will also establish a health reimbursement arrangement account by January 1, 2009 for employer contributions which shall be limited to those in accordance with Section 213 of Internal Revenue Code." The health reimbursement program is an employer-funded program that provides funds for employees to use to defray out-of-pocket health care costs.

Milwaukee Public Schools paid out \$225,684 in claims for employees through its health reimbursement account in 2010-11. That total may also include payments to non-union employees, or employees of a union other than the teachers union.

EXCESSIVE LEAVE DAYS LEAD TO HIGH SUBSTITUTE COSTS

Teachers and other union employees working a 10-month schedule get 12.5 paid sick/personal days per year for a 191-day work year. Employees who use between zero and 32 hours of sick leave each year receive as many as two "incentive days" the following year. Employees can also be excused with pay for attending conventions or conferences that "contribute to the effectiveness of the instructional program."

Milwaukee teachers took a combined 81,891 sick/personal days in 2010-11. They also took 7,296 "convention leave days" and 3,504 "inventive leave days" in 2010-11. That comes out to an average of more than 17 days (or more than 9 percent of the work year) missed for each of the 5,241 classroom teachers who were on the payroll. The absences contributed to the school district paying out approximately \$11.9 million in wages to substitute teachers in 2010-11.

TUITION REIMBURSEMENT FOR TEACHERS

In the contract the school district agrees to reimburse teachers for the cost of tuition and books for higher education classes taken while working toward certification in special education, health and mathematics, or to gain at least six credit hours in reading. The college credits earned also allow teachers to move up on the district's salary scale.

Milwaukee Public Schools paid teachers \$164,311 for college tuition reimbursement in 2010-11.

COMPENSATION FOR INTERSCHOLASTIC JUDGES

The union contract says employees who serve as judges for interscholastic chess, math, debate and forensics "will be paid at a part-time certified rate for each hour worked up to \$125 for any one day."

Milwaukee Public Schools paid out \$102,235 for interscholastic judges in 2010-11.

HOW THE DISTRICT COULD HAVE SAVED MONEY

Given the financial emergency facing the district, the Milwaukee school board (assuming it had the full cooperation of the teachers union) could have easily adjusted many of the non-essential expenditures listed above and cut millions of dollars from the district's 2010-11 budget, without cutting anyone's base salary. Here's how we might have done it:

Make teachers cover their own contributions to pension system	\$28 Million
Suspend automatic, annual salary increases for one year	\$5.5 Million
Cancel the 3 percent lump sum raise for teachers	\$10.4 Million
Make teachers pay 10 percent of their health insurance costs	\$12.8 Million
Postpone sick day reimbursement payouts for one year	\$709,036
Ask teachers to cover for absent colleagues without extra pay	\$1.3 Million
Ask teachers to monitor lunchrooms without extra pay	\$2 Million
Ask teachers to monitor bus loading without extra pay	\$90,781
Suspend contributions to health reimbursement accounts	\$225,684
Suspend reimbursements for college tuition	\$164,311
Total savings	\$61 Million

SUMMARY: WERE BUDGET CUTS, LAYOFFS NECESSARY IN MILWAUKEE?

The Milwaukee School District, citing severe budget problems, laid off 282 teachers and cut various programs before the 2010-11 academic year. But the district continued to pay huge amounts of money for various (and questionable) expenses called for in the Milwaukee Teachers Education Association collective bargaining agreement. Those costs included:

\$5.5 million for automatic, annual salary increases for teachers.

\$10.4 million for a 3 percent "lump sum" raise for teachers.

\$128 million (approximately) for free health insurance for MTEA employees.

\$28 million (approximately) to pay teachers' share of state pension contribution.

\$15.6 million toward an early retirement fund for employees.

\$2 million in extra salary for teachers to monitor student lunchrooms.

\$1.3 million in extra salary for teachers to cover for absent colleagues.

\$709,306 in reimbursement to employees for unused sick days.

\$90,781 in extra salary for teachers to help young children board school buses.

\$225,684 toward health reimbursement accounts for employees.

\$164,311 in college tuition reimbursement for teachers taking advanced classes.

Information source: Milwaukee Public Schools

MILWAUKEE TEACHERS SALARY "STEP" CHART

2010 - 2011 Teacher Salary Schedule 01 & 01H (0% increase)
191 Days / Traditional & Year Round Schools

	B	BB	C	D	E	A
1	35,729	37,391	40,053	41,720	43,385	34,064
2	37,314	39,056	41,845	43,589	45,331	35,569
3	38,901	40,719	43,636	45,456	47,281	37,073
4	40,483	42,383	45,428	47,329	49,231	38,581
5	42,067	44,046	47,219	49,199	51,179	40,086
6	43,651	45,714	49,008	51,069	53,128	41,591
7	45,236	47,374	50,798	52,940	55,079	43,097
8	46,821	49,040	52,589	54,806	57,027	44,600
9	48,406	50,707	54,380	56,679	58,976	46,108
10	49,991	52,368	56,170	58,550	60,927	47,613
11	51,574	54,031	57,962	60,419	62,877	49,119
12	53,162	55,696	60,134	62,672	64,824	49,761
13	53,930	56,594	62,511	64,165	66,773	54,525
14	56,863	58,656	63,715	65,418	68,093	
15			64,930	67,567	70,502	
16			66,144	69,717	72,913	

Bold = Grandfather Maximums

Rates were increased 1.50% effective July 1, 2005; 0.75% effective January 30, 2006; 1.50% effective July 1, 2006; 1.00% effective January 29, 2007; 2.5% effective July 1, 2007; 2.5% effective July 1, 2008; 0% July 1, 2009; 0% July 1, 2010; Step "0" eliminated in fall 2005.

B = Bachelor's Degree

BB = Bachelor's Degree + 16 credits

C = Master's Degree

D = Master's Degree + 16 credits

E = Master's Degree + 32 credits

A = No Degree

PART-TIME CERTIFICATED RATE

\$24.94 PER HOUR

SCHEDULE E PAY

\$24.94 PER HOUR

ASSUMPTION OF ADMINISTRATIVE DUTY

\$14.71 PER DAY

\$440 PER SEMESTER

DOCTORAL PAY

\$1,103 PER YEAR

SUBSTITUTE RATES EFFECTIVE 7-1-10

DAY-TO-DAY TEACHER	\$132.36	REGULAR SUB TEACHER	\$155.36
DAY-TO-DAY SOCIAL WORKER	\$148.91	REGULAR SUB SOCIAL WORKER	\$174.78
Special Education Cadre Sub	\$189.23		

ABOUT EAGNEWS.ORG



EAGnews.org is a service of Education Action Group Foundation, a Michigan-based 501(c)(3) non-partisan non-profit organization. It has been researching and promoting school spending reform for more than four years.

Originally focused solely on Michigan schools, EAGnews.org has since begun analyzing school spending and education reform across the nation. The organization has three regular publications: **Focus on Reform**, the **Ed Reform Radar** (national) and **Wisconsin School Reformer**. The newsletters focus largely on the agenda and tactics of the national teachers' unions, as well as reform efforts around the country.

EAG's research and writing are regularly seen on websites such as BigGovernment.com and Townhall.com. Kyle Olson, publisher of EAGnews.org, appears in a weekly segment on **Fox & Friends** called "The Trouble with Schools" on the Fox News Channel.

EAG recently published a book, "**Indoctrination: How Useful Idiots Are Using Our Schools to Subvert American Exceptionalism**," which can be purchased at Amazon.com.

EAG also produced a short documentary film, "**A Tale of Two Missions**," with Fox News analyst Juan Williams, which examines the fight for school choice in Chicago. It can be viewed at **TwoMissionsMovie.com**.

EAGnews.org is currently producing a series of reports exposing school spending habits tied to teachers contracts from large districts around the country.

Visit **EAGnews.org** for more research, reporting, analysis and commentary.