

Michigan teacher contracts: The black hole of school spending



**A review of 25 contracts to uncover a major source
of spending problems in Michigan's public schools**



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Table of Contents

Introduction...4

Steps and Bonuses...5

Union Release Time...7

Sick Days and Unused Sick Day Reimbursement...9

Classroom Overages...11

Outrages and Oddities...13

Conclusion...15

Contracts Reviewed:

Alpena Public Schools
Ann Arbor Public Schools
Birmingham Public Schools
Bridgman Public Schools
Charlevoix Public Schools
Escanaba Area Public Schools
Gladstone Area Public Schools
Grand Haven Area Public Schools
Hartford Public Schools
Holland Public Schools
Jackson Public Schools
Kalamazoo Public Schools
Leslie Public Schools
Midland Public Schools
Mona Shores Public Schools
City of Muskegon Public Schools
Novi Community School District
City of Pontiac Public Schools
Portage Public Schools
Reeths-Puffer Schools
Rochester Community Schools
St. Joseph Public Schools
Traverse City Area Public Schools
Troy School District
Ypsilanti Public Schools

INTRODUCTION

The current school funding crisis has a lot of people talking about raising taxes, creating new taxes or closing so-called tax loopholes, to provide more revenue for Michigan's K-12 school districts.

We at Education Action Group Foundation don't pretend to be experts on school funding, particularly on a statewide level. But we do know that local school districts are forced to spend a great deal of money on unnecessary labor costs, at a time when they can least afford it.

We don't believe the state has the moral right to ask taxpayers for another dime for education until it helps local school districts free themselves from crippling labor expenses.

To support our argument, we spent a few weeks examining 25 teacher contracts from districts throughout Michigan, carefully choosing schools of various size and geographic location. We found countless examples of contractual expenses that are questionable in the current economic environment.

Our study is by no means scientific. It simply offers a sampling of the type of expenses that schools are forced to deal with by the state's teachers unions. We believe Michigan residents will be surprised to learn how some of their tax dollars are spent.

Our source was the public school contract database, posted online and updated regularly by the Mackinac Center for Public Policy. The database can be accessed by logging on to <http://www.mackinac.org/10361>.

Some will call this report "anti-teacher" or "anti-public education." Nothing could be further from the truth. We have always acknowledged that our state has thousands of terrific teachers. We believe, in better economic times, that high performing teachers should be paid even more than what they currently make, as long as schools gain the power to remove underperforming teachers.

But our state also has thousands of great auto workers, yet their union, the United Auto Workers, recently acknowledged the need for contract concessions to help the Big 3 automakers survive. Why can't the teachers unions accept the same reality, and renegotiate their local contracts to help school districts save desperately needed dollars?

This report mainly focuses on automatic annual step raises for teachers, paid sick leave, compensation for unused sick leave, union release time, and overage pay for teachers. Wherever possible, we included dollar figures to illustrate the costs of the contract provisions we cite.

We fully understand that health insurance, and the employment of union support staff, are also factors that must be addressed in the school funding debate. We will deal with those issues in separate reports later this year.

Many education professionals probably consider the contract stipulations that we highlight in this report to be standard procedure for public schools. But we're living in difficult times, and standard procedure must be scrutinized to save every penny possible for classroom instruction.

As Kelly Powers, the director of human resources for Muskegon County's Reeths-Puffer school district pointed out, many expensive teacher contract provisions have been around for years without review.

He said it's time for officials in every district to inspect their contracts with a fine-tooth comb, to determine where savings can be found. Powers said his district will begin negotiating a new teachers contract this year, with an eye toward lowering retiree costs, and perhaps addressing step salary increases.

"Are there stipulations (in teachers contracts) that, if taken out, would save districts a substantial amount of money? Yes," Powers said in an interview with EAGF. "We have to look at how we can save, and we have to go back and look at what our core mission is. We have to figure out how to put the dollars back into teaching and instruction."

STEP RAISES AND BONUSES

We often hear teachers union officials tell the media, "We haven't had a raise in (fill in the blank) years."

It's pure gasbaggery.

Every teacher contract we've ever come across has a generous salary "step" system for teachers. They get automatic, annual raises, just for showing up and keeping their jobs, particularly in their first 10-12 years of service. A typical bachelor's degree step system pays around **\$34,000** in the first year and approximately **\$54,000** in the 10th or 11th year.

Most of the contracts also provide higher salaries for teachers as they progress with their graduate and post-graduate studies.

Sometimes teachers don't even have to work all that much to qualify for automatic step raises. In **Midland**, for example, they only have to work 140 out of 187 scheduled days to move up the salary ladder. They can miss 47 days over a nine-month period and still get a raise.

Here are a few examples of step salary systems in public schools.

In **Troy**, teachers make between **\$40,888** and **\$70,970** in their first 11 years on the bachelors degree scale. The master's degree scale tops out at **\$83,069**, the masters-plus-30 credit hour scale tops out **\$91,350**, and the doctorate scale has a high end of **\$93,074**. See Example 1 on the next page.

In **Ann Arbor**, teachers make between **\$39,540** and **\$65,662** in their first 10 years. The bachelor-plus-30 scale tops out at **\$73,451**, the masters degree scale at **\$78,333** and the doctorate scale at **\$86,053**.

And those are just base salaries. Many of the contracts we reviewed offer many bonuses, generally in the form of longevity pay that's collected at benchmarks in a teacher's career, or at the time of retirement.

Veteran teachers in **Troy** get a \$1,863 raise after serving 15 years, \$3,727 after 20 years and \$5,589 after 25 years, based on the bachelors degree scale. The longevity scale is even more generous for those with higher degrees.

Ann Arbor teachers who reach their 10th year receive a one percent annual bonus, while those who reach 14 years get a two percent bonus.

In **Birmingham**, teachers who retire after 15 years get \$400 for every year of service, plus an extra \$2,000 if they give notice within 120 days of their retirement. That means a teacher who retires after 25 years gets a **\$12,000** nest egg from the district.

In **Pontiac**, teachers get an extra \$1,500 in their 15th year, \$2,250 in their 22nd year and \$3,000 in their 30th year.

In **Gladstone**, the retirement package currently includes an extra payment of \$1,150 per month for five years, totaling **\$69,000**, courtesy of the taxpayers.

In the **Reeths-Puffer** district, teachers who retire with at least 20 years of experience are paid a bonus of \$3,500 for their first year of retirement, and \$1,500 per year for nine additional years. That's a nest egg of **\$17,000**.

In **Escanaba**, teachers with at least 10 years of experience can opt for early retirement and receive an extra \$150 per month from the district for six years. That totals **\$10,800**.

The automatic raises and other payroll bumps put a major dent in school district budgets every year.

Midland has a teacher payroll of about \$39 million, and officials expect that figure to grow next year by just over **\$500,000**, according to a district source.

In **Kalamazoo**, step raises typically increase the payroll by about 1.75 percent to 2 percent every year, according to a district source. That will increase the \$53 million payroll somewhere between **\$927,500** and **\$1,060,000** in 2010-11.

Example 1

TROY SCHOOL DISTRICT SCHEDULE A – 2009-2010 SCHOOL YEAR													
STEP	BA	BA20	MA	MA30/EDS	PHD/EDD	THESE LANES ONLY FOR TEACHERS GRANDFATHERED ^{1,2,4}							
						BA15 ³	BA25 ³	BA30 ^{1,3}	MA5 ³	MA10 ⁴	MA15 ³	MA20 ⁴	MA25 ³
1	40,888	42,177	43,930	47,156	50,893	41,554	42,796	43,532	44,041	44,663	45,287	45,907	46,532
2	43,652	46,581	48,646	52,339	54,808	45,851	47,320	48,151	48,758	49,442	50,190	50,906	51,616
3	46,554	49,806	52,192	56,356	58,741	48,980	50,652	51,611	52,303	53,119	53,925	54,733	55,542
4	49,262	53,050	55,747	60,370	62,656	52,108	53,951	55,089	55,858	56,754	57,661	58,560	59,460
5	52,057	56,282	59,266	64,362	66,579	55,232	57,349	58,520	59,397	60,401	61,385	62,394	63,389
6	54,857	59,521	62,843	68,399	70,501	58,383	60,669	61,972	62,954	64,040	65,130	66,215	67,303
7	57,661	62,757	66,384	72,415	74,418	61,488	64,040	65,427	66,495	67,683	68,871	70,045	71,226
8	60,461	65,992	69,935	76,431	78,342	64,619	67,390	68,887	70,047	71,323	72,599	73,875	75,155
9	63,260	69,228	73,484	80,444	82,269	67,746	70,727	72,337	73,595	74,963	76,333	77,703	79,071
10	66,060	72,489	77,030	84,456	86,501	70,875	74,073	75,801	77,141	78,608	80,077	81,540	82,987
11	70,970	77,951	83,089	91,350	93,074	78,107	79,750	81,887	83,180	84,601	86,444	88,079	89,711
LNGI	72,833	79,997	85,253	93,747	95,519	78,105	81,844	84,019	85,364	87,028	88,714	90,391	92,067
LNGII	74,897	82,045	87,429	96,146	97,959	80,102	83,936	86,185	87,547	89,255	90,983	92,705	94,423
LNGIII	76,559	84,092	89,615	98,542	100,405	82,100	86,032	88,318	89,733	91,480	93,253	95,017	96,778
LONGEVITY INCREMENT AMOUNTS*													
LNGI	1,863	2,046	2,184	2,397	2,445	1,998	2,094	2,152	2,184	2,227	2,270	2,312	2,356
LNGII	3,727	4,094	4,360	4,796	4,885	3,995	4,188	4,298	4,367	4,454	4,539	4,626	4,712
LNGIII	5,589	6,141	6,546	7,192	7,331	5,993	6,262	6,451	6,553	6,679	6,809	6,938	7,067

UNION RELEASE TIME

We believe many taxpayers would be shocked to learn that some Michigan teachers, usually high on the salary scale, receive full salaries and benefits without teaching at all.

They are usually the presidents and vice presidents of their local teachers unions. Many districts we examined give them a great deal of “release time” to conduct union business, frequently on the taxpayers’ dime. The costs to the districts can be in the hundreds of thousands of dollars.

There are hidden costs in these arrangements. For instance, the loss of a teacher for full-time union duty means the district often has to operate with one more teacher on staff than necessary.

Even if that extra teacher is entry level, he or she will make about \$35,000 in salary and another \$20,000 in fringe benefits. If the union presidents focused on their teaching duties, which is what they are paid for, the districts would be spared the cost of that extra educator.

In **Rochester**, for example, the union president makes roughly **\$84,000** per year without entering a classroom, according to information provided by the district. The total compensation package for that non-teacher is about **\$120,000**, all covered by the taxpayers. See Example 2 below.

Example 2

5.08. The President of the Association or his/her designee will be released to exercise one of the following two (2) options as listed below. The president will notify the Superintendent/designee of his/her choice no later than the last scheduled teacher work day of the preceding school year.

Option One: The president of the Association or his/her designee will be released from his/her regular teaching assignment with no loss of pay, benefits or professional advantage.

Option Two: The president or his/her designee will be assigned to a position commensurate with his/her skills, background, and interests which will be mutually agreed to between the Board and the Association. While assigned to this position the president/designee will report directly to the Superintendent.

The situation is similar in **Troy**, where the union president makes about **\$89,000** a year in salary and receives about **\$130,000** in total compensation. The president does not teach, and taxpayers cover the cost.

In other cases school boards agree to pay a large part of the president's salary, with some contribution from the statewide teachers unions.

In **Ann Arbor**, the union president gets unlimited "leave time," with the district and the teachers union splitting costs evenly. If the total compensation package for the president is **\$100,000**, the district is still spending **\$50,000** for a teacher who doesn't teach.

Despite repeated requests, Ann Arbor officials were unable to tell us how much the district pays out for this expense.

In **Kalamazoo**, the non-teaching president receives full salary and benefits, with the union contributing **\$25,000** per year. If the compensation package is **\$100,000**, the district is paying **\$75,000**.

Nearly all contracts we reviewed also stipulate general release days for other union teachers to conduct union business.

In **Muskegon**, the union can have members excused with pay for a combined 60 days. That total can be extended to 90 days if the union will pay substitute teachers for the extra 30 days.

The **Reeths-Puffer** district allows up to 50 paid leave days for union officers or agents. The district pays the missing teacher and their substitute for the first 25 days, while the union covers the second half.

We do not believe that a majority of Michigan taxpayers would approve of using public dollars to subsidize the activities of private labor unions. We pay taxes to teach kids, not to compensate union officials who should be hired and paid by the union itself.

We should note that this problem does not plague every district we examined. In **St. Joseph**, for example, union presidents are free to discuss union business when they are not in the presence of students. That's it.

All school districts should have the same type of policy for teachers who are union officials.

SICK DAYS AND UNUSED SICK DAY REIMBURSEMENT

The average public school teacher in Michigan works a relatively short year, usually somewhere between 170 and 185 days. And the work day is not terribly long, with most union contracts limiting service hours to about seven per day.

Yet many school contracts stipulate that teachers get time off during the school year, through a generous portion of paid sick and personal days. The majority of contracts we examined called for 12 paid sick days and two paid personal days, although there were a few notable exceptions.

Of course, the cost of having so many paid sick days is multiplied by the cost of substitute teachers.

In **Escanaba**, teachers get 15 paid sick days and four personal days per academic year. District officials could not attach an exact monetary cost to that policy, but told us that in the 2008-09 school year, the district's 149 professional staff members, mostly teachers, used 1,257 sick days and 529 personal days.

That means substitutes had to be hired to cover roughly 1,700 sick or personal days. At a typical substitute rate of about \$80 per day, the cost for the district was in the neighborhood of **\$136,000**.

In **Ypsilanti**, teachers with less than 15 years of service get 15 days of paid sick time. Those with more than 15 years get 18 days. The allotment of personal days in the district is also very generous. Those with those with less than 10 years get four days, those with 10-15 years get 5 days, and those with more than 15 years get six days.

Despite repeated requests, Ypsilanti officials were unable to tell us how much this policy costs the district.

In **Alpena**, teachers get 30 sick days to spread out over their first two years, then 15 per year starting with the third year.

Schools also pay through the nose for unused sick days.

In most districts we examined, teachers can cash in their unused sick and personal days when they retire. But in some districts they collect the money whenever they leave the district, or at certain benchmark years on the seniority schedule.

Many contracts stipulate that the eventual reimbursement for unused sick days is at the teachers' current rate of pay. In other words, a retiring teacher may be reimbursed for 10 unused days in 1979 at the rate they made in 2009. That would involve quite a profit.

One of the most generous policies we tripped across was in the **Rochester** district.

Teachers get three paid leave days and one "incentive" day when they accumulate 30 unused sick days, two paid leave days and two incentive days when they reach 60, and two paid leave days and three incentive days when they reach 90.

The reward maxes out at 175 unused sick days, when teachers receive three paid leave days and four incentive days. When a teacher leaves the district after five years they also get \$90 per unused sick day, between 70 and 150 days.

School officials were unable to tell us the total cost of this policy. But as of June 30, 2009, the district owed various teachers a total of **\$732,032** for unused sick days, according to a district official. See Example 3 below.

Example 3

17.15. Attendance Incentive Program:
A. The number of accumulated sick leave days will be established at the end of the school year for the ensuing school year. Individuals will receive written notice (on their pay check stub) of their accumulation at the end of each year.
1. A teacher who has accumulated thirty (30) or more sick leave days will be entitled to three (3) approved leave days and one (1) incentive day for the year.
2. A teacher who has accumulated sixty (60) or more sick leave days will be entitled to two (2) approved leave days and two (2) incentive days.
3. A teacher who has accumulated ninety (90) or more sick leave days will be entitled to two (2) approved leave days and three (3) incentive days.
4. A teacher who has accumulated one hundred and seventy-five (175) or more sick leave days will be entitled to three (3) approved leave days and four (4) incentive days.

In **Escanaba**, teachers with at least 10 years of service in the district when they retire are paid for one-half of accumulated sick days (maximum of 136) at their current rate of pay, up to **\$40,000**.

In the **Mona Shores** district, teachers can bank unused sick days with no limit. After 10 years, retirees from the district they can collect \$25 per day if they have more than 100 unused sick days, \$20 per day if they have between 50 and 100 and \$15 per day if they have less than 50.

In the **Reeths-Puffer** district, teachers get 10 sick days to start the school year, with unlimited accumulation of unused days. At retirement they collect \$7.50 per day for their first 150 unused sick days, \$10 per day for the next 50 and \$16 per day for the next 50. They also get a bonus of 50 percent of the value of their unused sick time if they give early notice.

Officials in several districts told us it would be difficult to tabulate the cost of unused sick days. One former school board member recently told us that in some districts, those dollar amounts are not even listed on the books as district liabilities.

We believe these type of policies should be altered, if not on a permanent basis, then at least for the duration of the economic crisis.

While teachers should be allowed a reasonable number of paid sick days every year, schools should not offer financial incentives for good attendance. Instead we believe school boards should demand good attendance, and review the employability of teachers who repeatedly miss significant time.

We struggle with the concept of giving teachers extra pay for being in the classroom where they belong. We're willing to bet many taxpayers would agree with that assessment.

CLASSROOM OVERAGES

We were shocked to learn how much money school districts pay teachers for having an extra kid or two in their classrooms.

The most incredible example we found was in the **Midland** school district, where the district reimburses elementary teachers **\$1,840** per year for every student over the negotiated classroom maximum. High school and middle school teachers get **\$360** per year for every extra kid.

The district paid a total of **\$280,412** to teachers for classroom overages in the 2008-09 school years, and has **\$160,000** budgeted for that cost in the current school year, according to a district official. See Example 4 on the next page.

Example 4

- a. The District will offer paraprofessional assistance to a teacher if the maximum class size is exceeded: One (1) hour of paraprofessional assistance per day for each student over maximum. The teacher has the right to refuse such assistance.

Beginning in the 2005-06 school year, the District will pay a stipend of \$1,840 for each student over the specified class size maximum, unless the teacher requests paraprofessional assistance. In order to qualify for the stipend, the additional student(s) must be present/counted on the designated count day (fall and spring). If the student is present/counted for only one of the two count days, the teacher is eligible for one-half of the stipend. Mainstreamed students who create an overload for one hour at the elementary level and who are present/counted on the designated count day (fall and spring) may qualify the teacher for a \$360 stipend in lieu of paraprofessional assistance. If the student is present/counted for only one of the two count days, the teacher is eligible for one-half of the stipend. The principal will assign the overload stipend unless the teacher requests paraprofessional assistance within two weeks after count day.

In **Ann Arbor**, elementary teachers get \$300 for every extra student per semester, while secondary teachers get \$60.

In **St. Joseph** district, teachers in grades 1-5 receive \$500 for every extra student per year.

In **Kalamazoo**, secondary-level teachers get an extra \$500 per class for having 36 or 37 students. The general maximum is 35.

In **Pontiac**, the district pays a teacher \$30 per pay period for every extra student, \$40 for two, and \$50 for three and \$60 for four.

For public school districts, a bump in the number of students from year to year is clearly beyond administrators' control, yet they're forced by contract to pay a heavy penalty.

Teachers unions would obviously argue that smaller classes mean better instruction, and financial penalties are strong incentives for administrators to keep smaller student to teacher ratios.

They would probably argue that some schools have tried to get by "on the cheap" by overloading current teachers and refusing to hire much-needed help.

On the flip side, some administrators argue that it's cheaper to pay the "overage" penalties than hire extra teachers to pick up the slack.

We say baloney to both arguments, particularly in the current economic climate. An extra kid or two per class should not be a huge bother to a properly motivated instructor. And cash-strapped districts can hardly afford to pay penalties right now for having to squeeze an extra desk or two into a classroom.

OUTRAGES AND ODDITIES

In the course of our research, we uncovered a host of odd contract stipulations that made us want to laugh, cry, or do both at the same time.

The biggest outrage we found comes from the **Grand Rapids** district, where a contract provision, picked up from the union website, states the following:

Michigan law requires that all teachers receive at least five days of in-service training each year. Probationary teachers must receive this PLUS an additional fifteen days (over 90 clock hours) during their first three years of employment.

While most districts provide 1098 hours of student instruction per year and then provide the in-service in addition to it, GRPS and GREA have negotiated an arrangement permitted under the law to provide 36 hours of training per year which is taken from the 1098 hours (so that student instruction time is approximately 1062 scheduled hours per year).

So the Grand Rapids school board and teachers union agreed to decrease the amount of student instruction time by 36 hours per year, to lighten the in-service training load for teachers.

We thought the idea was to have kids in the classroom more frequently, not less. Grand Rapids parents and taxpayers have a right to be outraged.

A similar entry in the **Alpena** teacher's contract says "The length of the work day shall be and the length of the work year will be scheduled in a manner that will allow the district to ensure that the minimum number of hours of pupil instruction in a school year is as required by law."

The limited number of hours? How about the maximum, to attain maximum results for the benefit of students? The last time we checked, that was still the primary function of public schools.

Here are a few other goodies we stumbled across:

In nearly every district we examined, teachers who are forced to substitute teach a class during their "down time" are given extra compensation, usually in the neighborhood of \$25 per hour. Most contracts also require schools to provide vending machines in teachers lounges.

In **St. Joseph**, the head varsity football coach and the head varsity boys and girls basketball coaches are paid the same amount as a first-year, full-time teacher - **\$35,249** per year. Varsity swimming, volleyball and wrestling coaches are paid 75 percent of that amount.

In **Holland**, there can only be two after school staff professional development sessions per semester. They must be no longer than three hours, must be from 4-7 p.m. and teachers are paid \$47.50 per session. A “light box dinner” must also be provided for teachers.

The teacher contract in Holland has little use for the concept of government transparency. One stipulation says. “The district agrees that it will exempt from disclosure all public records it is allowed by law to exempt, and shall release only those records it is compelled by law to release.”

In **Charlevoix**, all professional employees are entitled to attend at least one “all expenses paid” mutually agreed upon conference per school year.

In **Grand Haven**, teachers who use no sick days get \$150 at the end of the year. But here’s the kicker – they are allowed to use up to two sick days for personal business without review, and they don’t count against the perfect attendance bonus.

In **Rochester**, teachers are exempt from “bus duty,” unless there is an emergency. Elementary teachers must walk their students to the bus loading area at the end of the day, but if a bus isn’t present, the teacher calls the principal to arrange ongoing supervision so the teacher can leave.

The teachers contract in Rochester also stipulates that classrooms will have a temperature between 60 and 85 degrees Fahrenheit. If it goes above or below that, the class will be moved. Rochester teachers receive compensation when they have to move their materials from one building to another.

In **Midland**, teachers receive three paid personal days per year for participating in two evening parent-teacher conference sessions. They also receive three unpaid days to attend a wedding – the contract doesn’t stipulate *their* wedding – and the district must incur the cost of a substitute.

In **Bridgman**, teachers have no lunch room duties. We assume other people have to be hired to perform that chore. Teachers may be asked to stay after school with their students during an emergency situation, but can leave if they feel their personal safety, or the safety of their family, is in jeopardy. Apparently, in a perilous situation, it’s every man, woman and child for themselves. See Example 6 below.

Example 6

Section 5: Should an act of God, or some other emergency, call for keeping students in their respective buildings beyond the end of the normal school day, teachers may be asked to remain with their students until such time as the emergency has ended or the students are sent home. Teachers shall have the right to refuse an order if it is perceived by the teacher that said emergency is dangerous to their health or well-being or that of their own family.

In **St. Joseph**, teachers in grades 1-5 are not required to collect lunch or milk money, except in emergency situations. See Example 6 below. Teachers who plan to quit at the end of the school year are given a \$700 bonus if they give notice by Jan. 31.

Example 6

(c) Teachers in grades 1-5 shall not be required to collect lunch and milk money except in emergency situations.

In **Hartford**, there are no polygraph tests allowed during the investigation of alleged teacher misconduct.

In **Birmingham**, teachers get an extra \$30 for every early final exam that they must be present for during the school day, and \$60 for exams they must be present for outside of regular school hours.

In **Muskegon**, six union leadership positions are exempt from layoffs, regardless of the seniority of the teachers who fill those positions. Teacher evaluations must be done in person and no audio or video equipment can be used to monitor teachers.

In **Springport**, the district must provide restrooms in each building exclusively for teacher use. Other adult employees are not allowed to use the facilities.

CONCLUSION

We hope this report has been enlightening for taxpayers and journalists throughout the state.

Remember, the many examples we cite were pulled from only 25 teacher contracts. There must be thousands of similar examples in the more than 500 contracts we did not have a chance to inspect.

We encourage everyone to go the Mackinac Center website, find a copy of their own school district's teacher contract, and search for similar examples of exorbitant spending.

After that we encourage them to contact their school board members and elected representatives and tell them there's plenty of fat to cut at the local school level.