

Sucking the Life Out of America's Public Schools

The Expense of Teachers Union Contracts



Part 4

Philadelphia Federation of Teachers Contract

EAG
news.org

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

The School District of Philadelphia is facing a \$218 million budget deficit in fiscal 2013, with forecasts for a \$1.1 billion shortfall by 2017.

The district's School Reform Commission has responded with a controversial plan to close as many as 60 schools over the next five years and divert about 40 percent of the district's students into public charter schools, according to media reports.

The plan has been met with a great deal of resistance from the Philadelphia Federation of Teachers. Nobody knows at this point if the money-saving plan will be implemented, or how the district will find its way out of its deficit situation.

In the meantime, it's clear that the school district is in the midst of a severe financial emergency, and must find a way to cut costs without negatively impacting students.

A good place to start would be the PFT's collective bargaining agreement.

We recently inspected a copy of the agreement, then used a freedom of information request to measure the costs of various provisions in the contract for the 2010-11 school year.

We found numerous examples of huge costs that could have been postponed, trimmed or cancelled to save the district millions of dollars without affecting anyone's base salary.

The list included \$14.4 million to cover a three percent salary increase for teachers, a \$66 million contribution to the union's "Health and Welfare Fund" and \$165 million for free- or low-cost employee health insurance.

Additionally, taxpayers shelled out \$2.6 million to the "PFT Legal Services Fund" to "provide legal services for union members," according to its 990 tax return. There are no restrictions on legal services (such as school-related matters), as the union advertises the fund to be utilized for "legal advice, representation in court, preparing a will or purchasing a home."

This is just a partial list, designed to illustrate the tremendous costs of collective bargaining in struggling school districts. The Philadelphia collective bargaining agreement almost certainly includes many other expensive provisions. We encourage residents to do some digging of their own to find other examples of questionable labor spending.

Perhaps the district should have asked the teachers union to address some of those costs before the 2010-11 school year, to avoid having to announce 3,800 layoffs (including 2,200 teachers) at the end of the school year.

But that's water under the bridge. The district is operating under the same collective bargaining agreement through August 2013. Concerned residents would be wise to let district and union officials know that expensive, unnecessary labor costs should be set aside until the district returns to financial health.

There is no excuse for a single school employee to be laid off, or a single student program to be cancelled, while the district is handing out three percent raises or throwing millions of dollars out the door in the form of "termination pay."

The dollar figures listed below were provided by the School District of Philadelphia. Supporting documents can found at our website, EAGnews.org.

COST OF LIVING INCREASE

Despite the district's shaky financial condition, the school district granted employees covered by the Philadelphia Federation of Teachers collective bargaining agreement a three percent cost of living increase in 2010-11.

The Philadelphia district paid out approximately \$14.4 million in extra salary as a result of the cost of living increase.

PFT LEGAL SERVICES FUND

According to the district, "The purpose of this benefit is to provide eligible members with funds to cover the costs of personal legal services in accordance with and restricted by the limitations of a qualified group legal services plan administered by the (teachers union)." The union further explains, "The PFT has negotiated a legal services plan to assist you in matters such as legal advice, representation in court, preparing a will or purchasing a home." The school district contributes \$155 per *pay period* for every eligible union member.

The Philadelphia district contributed \$2.6 million to the legal services fund in 2010-11.

HEALTH INSURANCE

The collective bargaining agreement offers a number of free or low-cost health insurance options to employees covered by the contract. None of the HMO or personal choice plan options require employees to pay more than 5 percent of premium costs.

The Philadelphia district paid out \$165 million in health insurance premiums for employees covered by the teachers union contract. Employees contributed a combined total of \$270,550, less than one percent of the cost.

PFT HEALTH AND WELFARE FUND

According to the district, the teachers union administers a "Health and Welfare Fund" to provide dental, vision and prescription benefits to eligible employees.

The Philadelphia district contributed \$66 million to the union's Health and Welfare Fund in 2010-11.

TERMINATION/SEVERANCE PAY

"When an employee resigns, retires or his/her employment status is otherwise terminated, an employee is generally entitled to the payment of accrued and unused personal, sick and vacation days and otherwise represents an employee's severance pay," according to the district.

The Philadelphia district paid out \$15.3 million to employees "following separation of employment from the agency" in 2010-11.

WAGE CONTINUATION PLAN

This plan, made available to all eligible employees of the district, is "meant to insure against wage loss in the case of an illness, non-work related injury or other short-term disability which extends beyond an individual's available sick leave," according to the district.

The Philadelphia district contributed \$7.1 million to the Wage Continuation Plan in 2010-11.

TUITION REIMBURSEMENT PROGRAMS

The collective bargaining agreement says "the school district and federation agree to create a Career Development Fund for the purpose of assisting the bargaining unit members in career development. Towards this end, the school district shall contribute the sum of \$400,000 on an annual basis for the purpose of tuition reimbursement."

The Philadelphia district paid out in \$579,457 in tuition reimbursement to employees in 2010-11, despite the existence of various studies that suggest continued college education does not increase teacher effectiveness in the classroom.

EXTRA-CURRICULAR PAY

The collective bargaining agreement calls for PFT members to be compensated for "extra-curricular activities." Various classifications include "school activity," "high school sponsored athletics," "parental involvement," as well as "bus monitors," "chief academic officer," "family engagement," and "office of school climate and safety."

All told, the Philadelphia district paid out \$23.6 million on compensation for extra-curricular activities.

PAID DAYS OFF

The collective bargaining agreement gives teachers 10 paid sick days per year which can be carried over, as well as three paid personal days. Teachers can also earn two more personal days, based on the number of unused personal days they have accumulated.

Approximately 11,850 teachers took a combined 137,104 sick or personal days in 2010-11, which is an average of about 11.5 days per teacher in a 188-day work year. Other information provided by the district shows the roughly 16,000 PFT members took a combined 236,863 days off, including 36,830 days for "wage continuation," 3,122 days for "jury duty," 1,419 days for "unauthorized leave without pay," and 9 days for "religious mourning."

As a result of leave days, the Philadelphia district spent \$25 million on substitute costs.

HOW THE DISTRICT COULD HAVE SAVED MONEY

Assuming the cooperation of the teachers union, we believe district officials could have saved a considerable amount of money in 2010-11 by adjusting, postponing or eliminating several of the expenditures listed above. We came up with a potential savings figure of \$135 million. Perhaps the savings could have been used to call back some teachers, lower class sizes, purchase new books, upgrade student computers, or all of the above.

Postpone "cost of living" pay increase	\$14.4 million
Eliminate district contributions to the PFT Legal Services Fund	\$2.6 million
Require employees to pay 10% of health insurance premiums	\$16.5 million
Postpone "severance pay"	\$15.3 million
Halve leave time, saving 50% on substitute costs	\$12.5 million
Eliminate district contributions to PFT Health and Welfare Fund	\$66 million
Eliminate Wage Continuation Plan	\$7.1 million
Postpone tuition reimbursement	\$579,457
Total savings	\$135 million

SUMMARY: HOW DO THEY JUSTIFY THIS KIND OF SPENDING?

In 2010-11, the School District of Philadelphia was laying off hundreds of employees and closing schools in an effort to eliminate a massive budget deficit. But at the same time the district continued to spend millions of dollars on questionable labor costs that could have been adjusted, postponed or cancelled to help the district conserve tax dollars. Here are a few examples of the money that was going out the door:

\$14.4 million for “cost of living” pay increase.

\$2.6 million for district contributions to the PFT Legal Services Fund.

\$165 million for free- or low-cost health insurance for employees.

\$66 million for district contributions to PFT Health and Welfare Fund.

\$7.1 million for Wage Continuation Plan.

\$25 million for substitute costs.

\$15.3 million for “severance pay.”

\$579,457 for tuition reimbursement.

Information source: Philadelphia School Reform Commission

PHILADELPHIA TEACHERS SALARY “STEP” SCHEDULE

Teachers							
Hired Prior to September 1, 2003							
Teacher, Apprentice Teacher, Pre-Professional Teacher, Dental Hygienist & Therapist, School Nurse and Nurse Practitioner							
Bachelor’s or Equivalent				Master’s or Equivalent			
Step	3/15/09	9/1/10	1/1/12	Step	3/15/09	9/1/10	1/1/12
01	40,870	42,096	43,358	01	41,656	42,905	44,193
02	40,870	42,096	43,358	02	41,656	42,905	44,193
03	41,813	43,068	44,360	03	42,756	44,039	45,360
04	42,756	44,039	45,360	04	44,013	45,334	46,694
05	44,564	45,901	47,278	05	46,136	47,520	48,945
06	48,179	49,625	51,113	06	50,222	51,729	53,281
07	51,244	52,781	54,365	07	53,286	54,884	56,531
08	54,152	55,777	57,450	08	56,115	57,798	59,532
09	56,747	58,449	60,203	09	58,787	60,551	62,368
10	59,260	61,038	62,869	10	61,383	63,224	65,121
11	63,819	65,733	67,705	11	72,072	74,235	76,462

Note: There are numerous salary schedules contained in the collective bargaining agreement.

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** (national), 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.