



M^{School} Management News

Ohio School Boards Association

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Understanding 'unionomics'

*by Van D. Keating
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Considering schools' economic situation today, have you ever wondered how unions can steadfastly believe there is always money available for raises? This unwavering faith has become readily apparent to districts lucky enough to be in contract negotiations this year, as initial salary requests have averaged around 4.5% per year. Do they not read the papers? Have they not looked at our forecast? Where do the unions think the school boards are keeping that kind of money? These are the usual responses to that kind of salary offer, and I can actually answer all of these questions, but to understand the answers, you need to loosen your grip on reality.

Yes, the members of your union do read the papers and are aware of local, state and national economic issues. Like everyone else, they do not like it. However, as bad as these economies may be, your employees' jobs and salaries are primarily affected by the district's budget. Many outside factors feed into the district's budget, but only your forecast has any real meaning to the union. Besides, it's all very convenient and tidy for the union to be able simply to ignore the rest of the world and focus on your five-year forecast. The union has the ability to affect that slice of the economy through negotiations and, rest assured, they are determined to do just that.

Clearly, based on my first point, yes, the union has looked at the forecast. Whether the union and its members understand the forecast is a subject for another article. However, a major point to consider is that the union has very little to do with revenue

coming in, especially from sources such as federal, state and local monies. They may quibble over some revenue assumptions made by the treasurer, but will sleep soundly with confidence that revenue is "not their problem."

So, if the union has read the papers and the district's forecast, exactly how do they find money for raises? Primarily in two ways: by negotiating over expenses and/or generating their own raises. The first concept is easy to understand. In reviewing your forecast, the union focuses on where the money is going, not where it is coming from. The union knows the district makes a lot of decisions in the area of expenses, and with a rather unique air of arrogance, believes it can do a better job than the board in this aspect of budgeting. For example, the union knows, in the areas of personnel expenses, an increase is always budgeted in. At a minimum, this will include step increases for *all* employees and base salary increases. This line item may or may not take into account retirements and replacement costs; adding staff; or consequences from laying off staff. In any event, unions frequently disagree with these projections in order to find enough inaccuracies to free up money for raises. Also, remember that a union is only concerned for its members and will try to consume money budgeted for other staff or another union's members.

Another expenditure that is usually focused on is health care benefits. Again, the district typically budgets increases in this area, but the union is well aware that these amounts are unpredictable and often come in lower than expected. Also, this is one line item that tends not to be updated as frequently as others. Keep in mind that your budget in this area is

easily compared to other districts, especially among consortium members. Again, the union's focus is finding discrepancies that result in more money being available for other expenses, preferably salaries.

If the efforts to find more money by negotiating over expenses fail, the other alternative is for the union to finance its own raise. This can be done in two ways, but the philosophy is the same: cannibalization. The union will look to losing members, either through layoffs or retirement, to give remaining members a raise. However, there are subtle differences between devouring the young and devouring the old (pardon my gruesomeness). In most situations involving layoffs or reductions in force (RIFs), the least senior employees lose their jobs, and local union leadership is insulated from the consequences. Frequently, the union is aware of impending layoffs and may even agree to the need, but it remains the board's fault that people are being laid off. And just as frequently, the union is there to capitalize on the "bad" situation by demanding that money saved through RIFs be allocated to raises. However, when considering retirements, few

people are aware of when someone is retiring, and local union leadership is often affected. In fact, by negotiating retirement incentives *and* raises based on retirement savings, local union leadership is the chief beneficiary of such tactics. When it comes to retirements, the union is quick to take credit for a "good" situation and ignore the hypocrisy involved.

Another distinction between layoffs and retirement is actual cost savings. Layoffs do not involve replacement costs, whereas retirements often do. Retirement costs also include severance and incentives. There are no cash incentives in being laid off, although other costs, such as unemployment payments, do factor in. Employees retiring usually have much higher salaries than employees being laid off, as well as differing health care costs. To unions, these differences are esoteric because as long as fewer employees equal lower expenses, there is money available to negotiate raises.

Occasionally during negotiations, a union will mention the percentage of the district's budget that goes to personnel costs and that the percentage is decreasing. The point of this is simply

that the union wants to see that percentage remain the same or increase, never decrease. A decrease in that percentage means that of the money available, less of it is going to people and more to other things. This is not good for any union, because it shows they are getting and controlling a smaller piece of the pie than before, which diminishes their power and, ultimately, threatens their existence.

Of course, as board members and administrators, you strongly disagree with this rationale. Regardless of who leaves, or why, savings in personnel costs do not automatically need to be returned or rewarded to personnel. Additionally, these savings are often theoretical at best. The list of disagreements can go on, and usually do, during negotiations. Keep in mind that any union's basic goal is to get more money for its members for less work, with some degree of job security sprinkled in. Management's goals are exactly the opposite, and negotiations are the process in which compromises are reached. The union's concern is for the welfare of its members alone. Management has to remember everyone's concerns, so they must worry about employees, students, parents and taxpayers.

In today's environment, unions are well aware of the total economic picture. However, to get raises for their members, they have to narrow their focus to very limited aspects of a district's budget to generate money, thereby ignoring everything else. In the world of "unionomics," this is perfectly logical. For the rest of us, it is the craziest fantasy around.



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