SCHOOL DISTRICT OF THE CITY OF ROYAL OAK

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TO: Senator Phil Pavlov (Chair) & Members of the Senate Education Committee

FROM: Dr. Thomas L. Moline, Superintendent, School District of the City of Royal Oak

DATE: Wednesday, March 16 2011

RE: Support of House Bill 4152

Public school teachers contribute immensely to shaping the future of our nation. I am thoroughly convinced that many public school teachers are not compensated enough annually for the benefit they produce within their community, state and nation. As a public school superintendent, I have historically promoted the provision of fully-paid health insurance and retirement contributions for public educators as associated compensation for a lower wage structure for teachers when compared to higher-paying private sector positions requiring commensurate higher education.

Unfortunately, compensation and benefits for many professional positions throughout our country were leveled in the past decade due to international competition. Public employees are now viewed as some of the higher wage earners in many communities. The advantages public school unions have accumulated during decades of collective bargaining are now beyond the ability of employing school systems to absorb without affecting the quality of service to students and placing some school systems into deficit status.

A case in point is the school district I currently serve and the most recent bargaining experience with the teacher association: The 2009-2010 school year commenced within the School District of the City of Royal Oak with the absence of a new negotiated teacher contract. Nonetheless, the school system was required to pay $430,000 in additional insurance increase and $357,000 in step increases based on the expired contract. Michigan Employment Relations Commission (MERC) rulings required that those increases be paid by the school system; increases that the Royal Oak Board of Education did not agree to via the collective bargaining process.

Bargaining continued in Royal Oak into a second year in summer of 2010. At that point, the school system was presented with a second round of automatic step increases ranging from 4% - 12% additional compensation for step-eligible instructors and amounting to

$420,000 in additional cost. The school system also braced for a 17% increase in insurance for our teacher group amounting to $525,000.

Thankfully, a negotiated teacher contract is now in place in Royal Oak, assisted by budget reductions that involved the end of transportation of general education students, significant reduction in administrative coverage of school operations, reduction of teaching personnel and consequent increase in class size. This particular settlement involved a compromise by our teachers to accept half-steps instead of full steps and to accept a higher deductible insurance program to halve the insurance rate increases. Bear in mind, this settlement was predicated on the downgrading of a set of mandated increases assured the union by the simple passage of another year of ongoing collective bargaining.

Current Michigan Employment Relations Commission expectations, coupled with current economic challenges, have created an environment where there is little incentive for unions to truly bargain. Public employee unions counter that if all elements of a contract were held tight, with step increases stopped and insurance increases assumed by the employee, then there would be no incentive for Boards of Education to truly negotiate. The actual commensurate counter-argument would involve a school board implementing reductions at the cessation of a negotiated agreement and then placing a union in the position of having to regain the loss and possibly bargain an increase. Though untenable in the minds of school board members and school superintendents, that is the true reverse of the current real situation in that Boards of Education are given immediate increases at the expiration of a contract and then must attempt to bargain to control immediately rising costs. The appropriate neutral position espoused by House Bill 4152 reinforces maintenance of commitment to most-recently-negotiated income and fringe benefit coverage and gives advantage to neither party in the ensuing and ongoing collective bargaining process.

Boards of Education fully understand that the greatest incentive for expedited bargaining is in promoting positive morale of instructional staff. Happy workers produce the best results. Boards of education are guided during the collective bargaining process toward promoting the good perception of students, parents and community that the school system is operating effectively and harmoniously. Protracted bargaining simply degrades those perceptions; and perception is reality. Districts with contracts in place have the greatest ability to head full forward to increasing student achievement.

In the mid-1990's, when Proposal A was actually working during a booming economy, I did not hold the position about mandated increases that I hold today. International competition and dramatically rising health insurance rates have negatively affected the collective bargaining landscape. Today, school systems cannot absorb automatic increases with the expectation that some offsetting revenue will be forthcoming. Passage of the basic elements of House Bill 4152 in a future form is necessary to create bargaining neutrality, lessen the growing number of deficit school districts in our state and especially to protect the instructional integrity of our state's public education system.