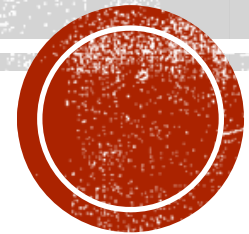


HCEA/BOE COLLECTIVE BARGAINING



RECENT RESEARCH ON TEACHERS' UNIONS

- Strong unions raise the dismissal rate of low-quality teachers while lowering the quit rate of high-quality teachers.
- *“The data confirms that, compared to districts with weak unionism, districts with strong unionism dismiss more low-quality teachers and retain more high-quality teachers.”* (Han, *The Myth of Unions’ Overprotection of Bad Teachers*, 2016)



BARGAINING

- Required under MD law
- Mandatory topics: wages, other compensation/benefits, working conditions
- Illegal topics: class size, curriculum, calendar
- "permissive" topics may be bargained if both parties are willing



IS THE 16-18 AGREEMENT AFFORDABLE?

- **YES.** HCEA, BOE, County Council, County Executive all agreed/approved
 - Educator pay increases are lower than other county employees
 - Educator pay increases are lower than senior staff at HCPSS
 - Educator pay has gone down since 2009 when adjusted for inflation



HOWARD COUNTY EMPLOYEES

	Police	Firefighters	Educators
Fiscal 2012	3.5% step, 2% COLA	3.05% step	Half 2% step
Fiscal 2013	3.5% step, 2% COLA	3.05% step,	2% step
Fiscal 2014	3.5% step, 2% COLA	3.05% step, 2% COLA	2% step
Fiscal 2015	3.5% step, 4% COLA	3.05% step, 4% COLA	2% step (delayed), 3% COLA
Fiscal 2016	3.5% step, 4% COLA	3.05% step, 4% COLA	2% step (delayed)
Fiscal 2017	3.5% step, 4% COLA	3.05% step, 4% COLA	2% step, 2% COLA



HEALTH AND DENTAL FUND BALANCES

	Budget	Actual
Fiscal 2008	\$905,383	\$21,172,832
Fiscal 2009	\$1,307,856	\$18,038,570
Fiscal 2010	\$2,729,193	\$11,537,540
Fiscal 2011	\$0	\$21,642,934
Fiscal 2012	\$166,640	\$16,342,109
Fiscal 2013	\$3,864,674	\$12,527,992
Fiscal 2014	(\$9,635,526)	\$13,031,658
Fiscal 2015	(\$1,169,728)	\$4,057,134



SELF INSURANCE

- The Board of Education pays real costs of claims
- Since 2011, new employees pay 15%; those hired before June 2011 pay 13%.
- Big question: rates. Rate setting should be based on experience and estimates of trends.



BUDGET VS. ACTUAL

- FY 2008 projection: <\$1M
- Actual ending balance: \$21M
- FY 2009 projection: \$1.3M
- Actual ending balance: \$18M
- FY 2010 projection: \$2.7M
- Actual ending balance: \$11.5M



BUDGET VS. ACTUAL

- FY 2011 projection: 0
- Actual ending balance: \$21.6M
- FY 2012 projection: \$166,000
- Actual ending balance: \$16.3M
- FY 2013 projection: \$3.8M
- Actual ending balance: \$12.5M



HEALTH AND DENTAL FUND BALANCES

	Budget	Actual
Fiscal 2008	\$905,383	\$21,172,832
Fiscal 2009	\$1,307,856	\$18,038,570
Fiscal 2010	\$2,729,193	\$11,537,540
Fiscal 2011	\$0	\$21,642,934
Fiscal 2012	\$166,640	\$16,342,109
Fiscal 2013	\$3,864,674	\$12,527,992
Fiscal 2014	(\$9,635,526)	\$13,031,658
Fiscal 2015	(\$1,169,728)	\$4,057,134



EXPLANATIONS

- “Sweep” and year-end transfers
- Unexpected windfalls/rebates
- Increased employee contributions



- HCEA’s opinion: rate setting was too conservative; refusal to make adjustments or share data made union buy-in impossible
- Hired Dave White, former budget director at HCPSS
- Milliman review of Bolton methodology: *“we strongly feel that the renewal methodology used by Bolton is not appropriate for the complexity of the HCPSS and increases the likelihood of inaccurate projections.”*



WHAT'S NEW

- FY16 deficit ~\$16M
- FY17 deficit projection ~\$48M
- Lower than usual general fund contribution; no “sweep,” year-end transfers, or fund balances (*underfunding the health and dental fund is “demonstrable and intentional”*)



RECOMMENDATIONS

- **Follow past practices:** use fund balances, year-end transfers, salary vacancy, turnover, etc.
- **Realistic cost estimates** from independent third party analyst
- Benefits committee with **rate setting and reconciliation** power
- **Share claims experience** data with public and employee organizations

