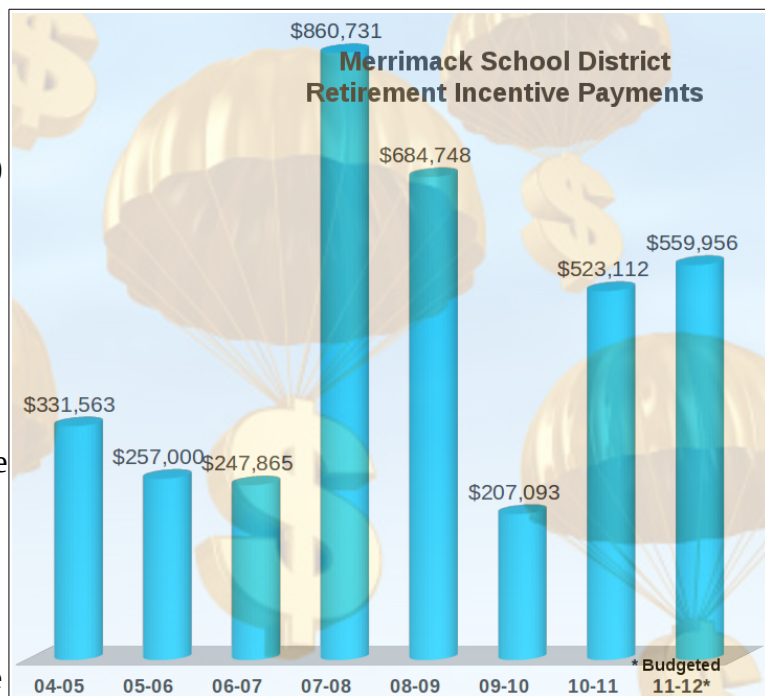


Golden Parachutes

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The Merrimack Teacher's Association (MTA) and the Merrimack School Board are busily working behind the scenes to negotiate a successor agreement to the [current teacher's contract](#). The District has not provided the full contract text to voters in the past so I think it is important that a few lesser known contract provisions be highlighted. I'll start this week with the "Golden Parachute" article (a.k.a. Article IX, Retirement Incentives).

Article IX of the current contract describes the criteria that qualifies a teacher for the retirement incentive program and lists the fee amounts that will be offered to approved applicants. Most of this provision is similar to other measures I have seen in public and private business settings but there is one important difference. Paragraph 9.6 states:



9.6 The School District is required to honor a minimum of ten (10) applications for retirement incentive per school year if they receive ten (10) or more applications.

You read that right, the District is **required** to pay out **at least ten** incentives each year if there are qualified applicants. That seems like an unusual twist to me.

Retirement incentives in the private sector are generally used by management to soften the blow from staff downsizing. Nobody wants to lay off a bunch of employees so managers put together plans using some combination of attrition, buy-outs and retirement incentives to reduce the number of pink slips they have to hand out. Retirement incentives can also be used to help nudge older workers into retirement allowing organizations to retain young talent. As a medium-sized organization, it seems reasonable that a School District would use similar mechanisms to achieve some of those same goals but should they be **required** to use them each year? Isn't this a tool for management? How in the world did our School Board and Administrators allow the union to negotiate this workforce shaping mechanism into an annual contract entitlement? Easy! It's not their money.

You might be tempted to think, “It is only **ten** teachers, how much money could it be?” For that answer, take a look at the [2011-2012 budget book](#) (pg 84 in pdf file) and notice that the District expended \$523,112 last year. In fact, since the 2004-2005 school year, we've spent \$3,112,110 on Merrimack retirement incentives and are projected to spend \$559,956 next year. A typical teacher payout, which includes payments for unused sick time, is around \$40,000. The Board can also approve more than ten applications and it has done so in some years.

The obvious question here is, Why are we doing this every year by contract? When I posed that question to the District's Business Administrator, he simply replied, “It probably actually saves the District money.” His logic was that eligible teachers are at the high end of the pay scale and likely the most costly members in the insurance plan. Their retirements would allow the District to hire younger, less-expensive staff. Seems reasonable but it only led to more questions. I followed-up with, “Why would we hire replacements if we are downsizing staff?” and “If we are not downsizing staff, why are we paying out incentives to get people to leave the workforce?” I found no satisfactory answers to those queries so I cut to the chase by asking, “How much has the program saved the District?” The Business Administrator admitted that he does not have the data necessary to make that determination.

So, our School Board, the same one that prides itself continually in public meetings about *data driven decision making*, has negotiated a giveaway program for ten lucky retiring teachers each year with taxpayer dollars. That about sums it up for me. By the way, I don't fault each an every teacher for taking advantage of the program (they would be foolish not to). This is a program that was negotiated in good faith and ratified by the voters and until the contract changes, they are entitled to the incentives.

As for my elected representatives, however, I cannot understand why you continue to support such a provision in the contract. School Board lead negotiator, Shannon Barnes, has a chance here to both save the taxpayers' money and eliminate a program that has no data to support its continued existence. At the very least, paragraph 9.6 should be altered to give the the School Board full discretion to accept any number of applications (including zero) each year in order to satisfy the District's manpower needs. Stay tuned and be sure to ask for a copy of that contract before you vote on it in April. It contains more than just pay raises and health care provisions that affect your tax rate and **you are ratifying these agreements with your vote.**