

CITIZENS BUDGET COMMISSION

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WILL THE NEXT TEACHERS' CONTRACT BE A GOOD DEAL FOR NEW YORK CITY TAXPAYERS?

A New CBC Report Proposes Ways To Judge The Next Contract

New York, NY – November 11, 2009 – The Citizens Budget Commission released today a new report on how New Yorkers should judge the next teachers' contract with the City of New York. The latest teachers' contract expired on October 31, 2009, and a new agreement is expected to be reached soon.

New York City employs 89,000 teachers, who constitute about 30 percent of the City's total full-time workforce and are represented in collective bargaining by the United Federation of Teachers (UFT). The City spends approximately \$9 billion compensating them yearly. One out of every seven dollars in the City budget goes toward the cost of salaries, health insurance and pensions for teachers.

As the City faces a \$5 billion budget gap for the next fiscal year and key educational reforms remain unfinished, parents and taxpayers should ask whether the next contract is a good deal for them. The new CBC report – "Is It A Good Deal?" – proposes questions that the public should ask in assessing the contract that emerges from negotiations between the City and the UFT. The full report, which is available at www.cbcny.org, also makes recommendations that address each of those questions. The questions and recommendations are as follows:

DOES IT SAVE TAXPAYERS MONEY?

- **Salary increases should be funded with value-generating concessions.** The Mayor's budget includes funds for two 4-percent annual raises costing \$655 million annually; this is no longer affordable without offsetting savings.
- **Pension and health insurance reforms should be implemented.** Already-agreed-to increases in teachers' contributions to their pension fund and additional pension benefit changes should be implemented, and new measures to curb health insurance costs should be put in place.

DOES IT ENCOURAGE GOOD TEACHING?

- **Merit pay should replace seniority rewards.** Ending pay increases solely for seniority after 10 years would eventually save about \$285 million annually, enough to fund a substantial merit pay program.

- **Financial rewards should attract qualified teachers in shortage fields.** Nearly one-in-ten teachers is not certified to teach in the subject to which they are assigned, especially in special education, math and science; targeted pay increases should be used to help staff these areas.

DOES IT END PAYMENTS TO THOSE WHO DO NOT OR CANNOT TEACH?

- **Compensation for teachers who are not teaching should end.** About 1,400 teachers are paid to be in an “Absent Teacher Reserve” – at a cost of about \$74 million annually – which does not require them to teach regularly. They should be compensated only for a six-month period while searching for a new job, not carried indefinitely on the payroll.
- **Unsatisfactory teachers should be terminated quickly.** Approximately 640 teachers charged with poor performance and other infractions are taken out of the classroom and paid for an average of nearly three years while their cases are considered; this process should be greatly expedited.

“The City is facing a major fiscal crisis, and curbing employee costs is essential to overcoming it,” said Carol Kellermann, President of the Citizens Budget Commission. “The next teachers’ contract provides a crucial opportunity to increase cost-effectiveness while improving education. It’s entirely possible to do both.”

“The next contract should focus on reigning in excessive spending and rewarding good teaching rather than longevity,” said Charles Brecher, Research Director of the Citizens Budget Commission. “Taxpayers should judge the contract on whether it adds value for them.”

Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York City and New York State governments.

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