

REGION

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# Sick-day policy called threat to fiscal health

## Paying retirees for unused days seen as squandering funds

By Douglas Belkin, Globe Staff | April 25, 2004

David Moorehouse retired last year from his job as an assistant principal at Lowell High School and plans to split his time between his home in Shrewsbury and his second home in Santa Fe. It's a lifestyle that will be made all the more comfortable for the 59-year-old with the \$64,518 going away present he received from the taxpayers of Lowell.

The check was cut as part of a sick-time buyback program. Though nearly unheard of in the private sector, it is typical for schoolteachers and other government employees. The program allows retiring employees to collect money for unused sick time, and in Moorehouse's case, allowed him to cash in 125 unused sick days at more than \$500 per day.

"It's a reward for not taking days off and cheating the system," said Moorehouse, who used an average of just over four sick days a year over the course of his 35-year career. "I wouldn't have done that anyway, but it's still nice to be rewarded at the end with a little extra money."

Sick-time buybacks cost the City of Lowell \$825,931 last year -- or the equivalent of about 20 teaching positions -- and as a wave of teachers retire over the next five years, that expense is expected to continue rising not only in Lowell, but in cities and towns across the state.

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While teachers call it their version of a severance package, sick-time buybacks are coming under withering criticism this year by cash-strapped school district managers who complain they are vestigial giveaways that squander precious resources during tight economic times. Arlington Superintendent of Schools Kathleen Donovan called the buybacks a reward to employees for simply showing up for work when they are

supposed to.

"We pay you to come to school and work, and then if you are out sick, we pay you," Donovan said. "So why should we pay you again for being well?"

A Globe survey of 32 cities and towns in the NorthWest circulation area found that 23 school districts have sick-time buyback programs. In the 2002-2003 school year, these districts paid a total of nearly \$3.9 million to 445 teachers, or an average of about \$8,700 apiece. Because programs vary from town to town, there were wide disparities in the amount each community paid out. In the Concord and Concord-Carlisle districts, for instance, the average buyback was nearly \$30,000 for the 18 eligible teachers, while it was less than \$2,000 in Wilmington. Payouts exceeded \$100,000 in 10 of the communities.

Sick-time buybacks were first negotiated in the 1950s and 1960s, said Ron Seeber, a professor at the School of Industrial and Labor Relations at Cornell University. The programs came after unions won paid sick days and some employees abused them. The buybacks were instituted as an incentive to not use sick time.

The specific formulas used to determine the compensation for unused sick time vary. Formulas are subject to negotiations and frequently change, typically reducing payouts. Teachers are paid for a varying percentage of the sick days they have not used when they retire. In many communities, the amount they are paid for each day is capped.

For instance, in Lowell, where Moorehouse retired, teachers received payment for one-third of their unused sick time at their salary at the time of retirement. For Moorehouse, that means of the 375 sick days he didn't use during his 35 years at Lowell High School, he was able to cash in 125 days at \$516 per day -- his salary when he retired.

Not all districts are as generous. In Arlington, teachers hired since 1997 receive \$35 a day for a maximum of 150 days. Teachers hired before 1997 have no cap on the number of days. Donovan said negotiating that cap in 1997 was a priority when she took over as superintendent. But not all districts have been as successful negotiating limits.

Consider the case of the Concord and Concord-Carlisle schools. Of the 18 teachers who retired last year, 13 of them, averaging salaries of more than \$80,000, received a total of \$525,589 in buybacks upon retirement. The figure represents 2.5 percent of

the district's entire \$40 million budget.

"It takes away our flexibility to spend money the way we need to," said Betsy Bilodeau, chairwoman of the K-8 Concord School Committee and a member of the Concord-Carlisle Regional School Committee and the bargaining teams for both groups. "Originally, it was put in to try and reward good attendance . . . but you would hope there is a good work ethic and, that in a town like this that pays well, that wouldn't be an issue."

Because the teachers are bargaining for their next contract now, Bilodeau would not comment on the status of the buybacks except to say "that everything is on the table."

Barbara Anderson, executive director of Citizens for Limited Taxation and a fierce critic of government waste, said municipal employees shouldn't be offered incentives to prevent the misuse of sick leave.

"It's absurd," Anderson said. "You should be punished for cheating, not given an incentive not to cheat."

Teachers argue that the sick-time buyback programs are an investment in productivity, reducing absenteeism and saving on substitute teachers by offering financial incentives at a reduced rate.

Defenders of the programs say sick-time buybacks are the public sector's version of severance pay. While Massachusetts teachers pay into a pension system that can return as much as 80 percent of their salary, they typically do not receive severance packages. The buyback program works in lieu of that, said Robert Calabrese, superintendent of Billerica public schools.

"It's also an incentive for the teachers to come in," Calabrese said "The kids need the continuity, and it saves money on substitute teachers."

Anne Wass, vice president of the Massachusetts Teachers Association, which has 97,000 members statewide, said sick-leave buybacks offer a deferred means of boosting traditionally low teacher salaries.

"I feel like certainly . . . it's justifiable," she said. Because school systems can replace retiring teachers with younger teachers who are starting out lower on the pay scale, she said, retirements generally save schools money even with sick-time payouts.

The issue is expected to become increasingly costly for many communities because of the unusually large number of teachers expected to retire over the next few years. They are leaving not only because of their advancing years, but because of a state plan called RetirementPlus, which sweetens financial incentives to those who take early retirement in return for teachers paying more into their retirement plan.

Statewide, between 3,900 and 4,000 teachers are expected to begin collecting pensions this year, up from 1,800 in 2000, according to the Massachusetts Teachers' Retirement Board. By 2006, approximately 5,000 are expected to retire.

If communities want to cut the buyback program so they don't run into a situation like this in the future, they are going to have to "give to get," said Moorehouse.

"Speaking as a union person, I'll tell you anytime you want to take away something, you're going to have to give me something in return," Moorehouse said. "Any union person will tell you, everything is subject to negotiations. Everything."

Globe staff writers Emily Shartin, Matt Carroll, and Ric Kahn contributed to this report. Douglas Belkin can be reached at [dbelkin@globe.com](mailto:dbelkin@globe.com). ■

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## School district buybacks

Twenty-three school districts in the Globe NorthWest circulation area have programs that buy back unused sick time from employees when they retire. In the 2002-2003 school year, these districts paid nearly \$3.9 million to 445 teachers.

School district	Number of retired employees	Total buybacks	Average buyback	Highest buyback
Acton-Boxborough	20*	\$0	\$0	\$0
Andover	16	\$5,715	\$357	\$5,715
Arlington	16	\$108,833	\$6,802	\$14,665
Bedford	8	\$58,744	\$7,343	NA
Belmont	NA*	\$0	\$0	\$0
Billerica	31	\$441,962	\$14,256	\$20,100
Boxborough	3*	\$0	\$0	\$0
Burlington	15	\$0	\$0	\$0
Carlisle	4*	\$0	\$0	\$0
Chelmsford	35	\$20,361	\$581	\$7,500
Concord/Concord-Carlisle Regional	18	\$525,589	\$29,199	\$46,136
Dracut	16	\$183,645	\$11,477	\$25,300
Lawrence	76	\$695,350	\$9,149	\$26,366
Lexington	14*	\$0	\$0	\$0
Littleton	5	\$8,000	\$1,600	\$2,000
Lowell	42	\$825,931	\$19,665	\$64,518
Medford	32	\$115,810	\$3,619	\$8,752
Methuen	15	\$61,801	\$4,120	\$5,320
N. Andover	10*	\$0	\$0	\$0
N. Reading	6	\$109,278	\$18,213	\$37,422
Reading	11	\$96,282	\$8,752	\$9,962
Stoneham	9*	\$0	\$0.00	\$0
Tewksbury	25	\$128,186	\$5,127	\$15,210
Westford	8	\$33,484	\$4,185	\$5,250
Wilmington	12	\$23,472	\$1,956	\$3,600
Winchester	8	\$26,687	\$3,335	\$8,100
Woburn	13	130,680	\$10,052	\$12,000
Greater Lowell Technical	38	\$151,422	\$3,984	\$32,867
Greater Lawrence Technical	5	\$31,232	\$6,246	\$10,023
Minuteman Technical	2*	\$0	\$0	\$0
Nashoba Valley Technical	3	\$12,864	\$4,288	\$5,434
Shawsheen Valley Technical	6	\$73,758	\$12,293	\$21,916

\* None of the retired employees qualified for buyback of sick time.

SOURCE: Individual school systems

Compiled by Douglas Belkin

4,000 teachers are expected to begin collecting pensions this year, up from 1,800 in 2000, according to the Massachusetts Teachers' Retirement Board. By 2006, approximately 5,000 are expected to retire.

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