

School Reform News

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Costly Early Retirement Bill Stopped in Michigan

By Ben DeGrow

A union-backed proposal to subsidize early retirement for thousands of Michigan teachers foundered in the legislature under the weight of a large tax money price tag.

Bipartisan resistance halted Senate Bill 255, proposed to increase pension payouts by 17 percent for vested public school employees who opted to retire between April 2009 and March 2010.

Union officials said the plan was designed to attract younger workers to fill as many as 29,000 new public education job openings created by the pension incentive; roughly 9,000 were expected to retire without the incentive. The bill's proponents argued school districts would have saved money by compensating more teachers and support staff at the low end of the salary scale.

"When we supported SB 255, we were concerned about helping with schools' tight budgets," said Ed Sarpolus, director of government affairs for the Michi-

gan Education Association, the state's teachers union.

Debt Problem

To finance the higher pension obligations, the bill would have amortized the debt over a 30-year period. But a March 16 analysis by nonpartisan legislative staff showed the measure ultimately would cost the state's taxpayers a net total of nearly \$4 billion. Analysts said SB 255 would save approximately \$450 million over the first two years before payouts and debt service obligations overtook initial salary cost savings.

"The way [the teachers union] originally spun this was that getting the more senior teachers to retire was going to save schools all kinds of money, that they were doing their little part to help the budget," said Kyle Olson, vice president of the Muskegon-based Education Action Group. "In fact, this was just another giveaway."

SB 255 cleared a Senate committee by a 3-2 margin, but the outspoken opposition of Gov. Jennifer Granholm (D) bolstered Republican Senate Majority Leader Michael Bishop's (R-Rochester) decision to let the bill expire before reaching a floor vote.

"I'm glad the governor and legislators saw how expensive this was really going to be and decided not to add more debt and make the situation worse in Michigan," Olson said.


Suspect Motives

The MEA contends the idea would have yielded long-term advantages.

"Younger workers tend to get married and have children, which Michigan's future workforce and economy need," Sarpolus said.

Olson suggests impending reports of 2,500 teacher layoffs in the state fueled internal MEA concerns about declining revenues.

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**KYLE OLSON
VICE PRESIDENT
EDUCATION ACTION GROUP**

to figure out all these pink slips mean fewer dues payers to the union," Olson said.

Ben DeGrow (ben@i2i.org) is a policy analyst for the Independence Institute, a think tank in Golden, Colorado.