



Establishing a Fact Base for Discussing a Statewide Teachers Contract in Rhode Island

***For: The Rhode Island Foundation
January 2016***

The District Management Council

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Executive Summary

In May of 2015, the Rhode Island Foundation issued a Request for Proposals for a research consulting firm to study the prospect of developing a statewide teacher's contract for the State of Rhode Island. The Rhode Island Foundation's intent in commissioning this study was not to advocate for a particular position regarding the concept of a statewide teacher contract, but rather to help inform a public policy discussion. In order to provide that fact base, the District Management Council (DMC) conducted stakeholder interviews, collected comprehensive data regarding current Rhode Island teacher contracts, consulted with experts across the country, and shared findings with key Rhode Island stakeholders in order to refine and improve them.

Although many stakeholders in Rhode Island have expressed interest in a statewide contract, the reasons for their interest are divergent and sometimes conflicting. Stakeholders agree that a statewide contract could be a tool for improvement, but disagree about the particular areas of Rhode Island teacher contracts that are most in need of improvement and how those improvements may be achieved.

In forward-thinking school districts nationwide, teacher contracts have been used as tools to enable increased achievement for all students. Some of the lessons learned across the country, such as regarding incentives to work in urban areas or to fill hard-to-staff positions may be applicable to Rhode Island, and may even be achieved at no increased costs. Some of these practices may be negotiated as part of a comprehensive state contract, may be left to individual districts to decide, or may be enacted via state policy.

In addition to implications on student achievement, many stakeholders expressed interest in ways that a statewide teacher contract could impact the overall cost of education in Rhode Island. Some stakeholders reported fears that a statewide contract would lead to significantly increased costs; others expressed hope that a statewide contract could reduce costs. Based on our analysis, a statewide contract is not, by nature, cost increasing, cost decreasing, or cost neutral. Rather, the contents of the contract determine its cost. For instance, in the area of teacher salaries, there is currently a wide range in pay offered by different districts across Rhode Island, even for teachers of the same experience and training level. Depending on the level at which salaries are set in a statewide contract, total costs statewide could increase or decrease as much as 15-20%; individual district costs could swing as much as 30%. Similarly in healthcare, the cost of providing healthcare statewide is likely to depend significantly on the level of the benefits provided, as there are likely only limited economies of scale to be achieved, and larger risk pools do not always result in significantly decreased costs (absent other reforms).

The legal process of enacting a statewide contract in Rhode Island is currently undefined and largely uncharted. Currently, only local unions and school districts are authorized to bargain with one another. Therefore, in order to adopt a statewide contract, the Rhode Island legislature would have to change a variety of laws and procedures. Because few other states have adopted statewide contracts, little precedent exists for designing these processes above the local level.

Introduction

In May of 2015, the Rhode Island Foundation issued a Request for Proposals for a research consulting firm to study the prospect of developing a statewide teacher's contract for the State of Rhode Island. The Rhode Island Foundation's intent in commissioning this study was not to advocate for a particular position regarding the concept of a statewide teacher contract, but rather to help inform a public policy discussion.

While the possibility of a statewide teacher contract has been raised and abandoned a few times in the last two decades in Rhode Island, there is growing interest in the possibility of a statewide teacher contract. Such a contract could have a significant impact, as it could affect up to 16,000 teachers across almost 300 schools. While many stakeholders, including those representing teachers, school committees, and several state agencies have expressed willingness to discuss the option, they have also shared concerns about the potential impact. This report seeks to ground the discussion of a teacher contract in an objective fact base, and an understanding of best practices that support student achievement.

The methodology used to conduct this study was as follows:

1. **Interview key stakeholders representing diverse opinions statewide:** DMC interviewed numerous stakeholders throughout Rhode Island to gain an understanding of their goals and concerns in adopting a statewide teacher contract. During the interviews, DMC also identified areas of common interest among stakeholder groups. Interviews were conducted in two rounds, with most stakeholders being interviewed at multiple points in the research process.

The following groups and individuals were interviewed at least once:

- a. Representatives of Rhode Island school committees
 - b. Representatives of Rhode Island superintendents
 - c. Representatives of teachers and teacher unions (including both the AFT and NEA)
 - d. Rhode Island House and Senate policy offices
 - e. Representatives from the office of the governor of Rhode Island
 - f. Commissioner of Education and other employees at the Department of Education
 - g. Legal counsel to the Rhode Island Department of Education
 - h. Legal counsel to the Employees' Retirement System of Rhode Island
 - i. Representatives of Rhode Island charter schools and Mayoral Academies
2. **Conduct research into current practices in Rhode Island:** DMC collected and analyzed collective bargaining agreements from each of the 36 traditional school districts in Rhode Island, identifying common contract features, salary levels, benefits, and other areas of note. With this data, DMC developed detailed models to identify trends and project costs across the state.

DMC also consulted with legal experts in Rhode Island to codify the pathway to creating a statewide teacher contract and the logistics for ratifying and implementing it.

3. **Conduct research to identify best practices:** In order to identify best practices for teacher contracts that support student achievement, DMC conducted a literature review and consulted with experts from school districts and states nationwide. Through consultation with stakeholders in Rhode Island, DMC then narrowed the set of best practices to a short list of high-leverage opportunities that are most appropriate for Rhode Island.
4. **Summarize opportunities and obstacles:** DMC summarized findings, identifying both opportunities and risks in a statewide contract and areas for attention.

Section 1: Stakeholder Alignment

Contracts of any sort are typically the result of compromise among multiple stakeholders with differing objectives, strategies, and fact-bases. Teacher contracts are no different, and in fact because they are often negotiated in public among a great number of stakeholders, teacher contracts can sometimes require even more compromises and greater degrees of coordination and alignment. For this reason, any discussion of a statewide teacher contract must begin with an understanding of the areas of interest and concern among various stakeholders.

In Rhode Island, teacher contracts are by law negotiated between local school committees and local unions. Currently there are two major active unions in Rhode Island, the Rhode Island Federation of Teacher and Healthcare Professionals (RIFT) and the National Educators Association Rhode Island (NEARI). Because each district varies in both large and subtle ways (including historical and contemporary context, size, performance, demographics, and strategy), the result has been dozens of different contracts. Although every contract shares some common features, they also exhibit differences on nearly every topic from teacher pay, to the length of the school day, professional development rules, and staff evaluation protocols. In developing a statewide contract, each stakeholder group may bring these different priorities to the negotiating table, along with other goals that result from negotiating at the state level for the first time.

In all, stakeholders broadly agree that there might be benefits to having a statewide contract. However, the reasons why stakeholders supported the idea of a statewide contract and their hopes for what a statewide contract could achieve differed significantly. Overall, there is more difference than similarity in what stakeholders want out of a statewide contract.

Key areas of alignment

A statewide contract is appealing for Rhode Island due to the state's size: Many stakeholders expressed a belief that a statewide contract might make sense for the state due to its size and number of teachers. With approximately 140,000 students in its elementary and secondary schools, Rhode Island is a comparable size to many larger school districts in the country (if the entire state was one school district, it would be the 19th largest in the United States). A single contract may have potential benefits (although stakeholders have different ideas of what the benefits would be), and stakeholders therefore are interested in discussing the concept further.

Creating a statewide healthcare plan seems sensible and prudent for nearly all stakeholders: Nearly all stakeholders mentioned healthcare as a “no-brainer” item that should be examined at the state level, although the need for it to be collectively bargained is paramount to some. There is a strong sense that it would save costs to have a statewide healthcare coverage. See section 3b of this report for a detailed discussion of the potential cost implications of providing healthcare through a statewide contract.

A new statewide teacher contract would make it possible to remove legacy provisions: Many stakeholders agreed that current contracts include provisions that are no longer applicable, or were introduced after a specific incident and are not necessary for the contract. They believe that local contracts may include provisions derived over time from the experience of a small number of people, and may not be relevant, needed, or based on best practice. At the greatest extreme, some stakeholders expressed worry that contracts contain elements that are contradictory with themselves or in conflict with state law. However, once these provisions are in a contract they can be very difficult to remove. The process of creating a statewide teacher contract could provide an important “refresh” for the contracts. In this sense, a statewide teacher contract may be beneficial not so much because it is “statewide,” but because it is new, unusual, and could provide important political and procedural impetus for change and improvement.

A statewide contract could attract teachers to high needs schools and districts: In Rhode Island, as in any state, there is a great diversity of school needs. Rhode Island stakeholders noted that some schools, particularly schools in urban areas, present much higher needs than others. These stakeholders expressed hope that a statewide contract could attract high quality teachers to these higher needs schools through a variety of mechanisms (including monetary incentives, fellowship programs, aligned school schedules, and others). Greater discussion of practices used in other districts to raise student achievement, including using incentives for teachers to work in urban areas, is provided in Section 2.

Key Areas of Difference

There are varying opinions as to the purpose of a statewide teacher contract: In any negotiation, agreement over the objectives is among the most important predictors of success. In Rhode Island, although stakeholders were all interested or open to the idea of a statewide contract, their motivations varied. Some were interested in a statewide contract because it might provide cost savings to the state as a whole. However, they acknowledged that even as some contracts might produce cost savings for the state overall, it may require cost increases in some individual districts. Other stakeholders, in contrast to the objective of cost savings, saw the primary objective in a statewide contract being the possibility for increased salary and benefits that could better attract, reward, and retain educators. The third common motivation for interest in a statewide contract for some stakeholders was the possibility of introducing provisions that may generate better education outcomes for students. These stakeholders believed that a statewide contract may remove barriers in current contracts for academic success.

There are varying opinions as to which aspects of current contracts need the most attention: Related to the question of the purpose of a statewide contract is the question of what in current contracts may be improved; here, stakeholders also disagreed. Some stakeholders believed too much was left in the “management rights” sections of typical contracts while others believed the same sections included too little. Many stakeholders agreed that contracts included “legacy provisions” which make them excessively large, less useful, and sometimes contradictory, but often did not specify exactly which provisions they considered unhelpful “legacy provisions.”

Stakeholders had widely differing views on what should be the subject of collective bargaining vs. what could be accomplished by other means: The most basic, mandatory subjects of a collective bargaining agreement are salary, benefits, and working conditions. For other areas deemed essential to the educational mission of the district, there are different tools available to achieve them, including state law, district policy, and collective bargaining.

All contracts in Rhode Island today go beyond the mandatory subjects of collective bargaining agreements. Provisions are often included in contracts because of a particular issue, problem, or circumstance that occurred in a given district. Stakeholders felt that these provisions sometimes remain in contracts beyond their usefulness, but that the current process for negotiation is not conducive to removing or streamlining language.

Different stakeholders have different objectives for what should be determined via collective bargaining at the state level, and what should be left to be determined via other means. Some stakeholders believed only salary and benefits should be determined in a statewide contract, with areas of curriculum and instruction (e.g. class size) determined at the local level. Others believed that starting salary, healthcare, and stipends for supplemental responsibilities should be determined statewide, and local districts should be left to determine job selection, calendar, and/or evaluation. Few stakeholders believed that every aspect of the contract should be determined either at the state or at the local level.

Rhode Island Stakeholders Interviewed

- David Abbott, Deputy Commissioner, RIDE
- Cynthia Brown, Director of the Office of Statewide Efficiencies, RIDE
- Tim Duffy, Executive Director, Rhode Island Association of School Committees
- Elsa Duré, CEO, Rhode Island Mayoral Academies
- Frank Flynn, President, Rhode Island Federation of Teacher and Healthcare Professionals
- Kevin Gallagher, Deputy Chief of Staff, Office of the Governor
- Marie Ganim, Deputy Chief of Staff and Director of Policy, Senate President's Office
- Timothy Groves, Executive Director, Rhode Island League of Charter Schools
- Karyn Lowe, Policy Analyst II, Senate Policy Office
- Gayle Mambro-Martin, Legal Counsel/Policy Analyst/Working State Social Security Administrator, Employees' Retirement System of Rhode Island
- Ian Ridlon, President and Executive Director, Rhode Island Interlocal Risk Management Trust
- Tim Ryan, Executive Director, Rhode Island School Superintendents Association
- Lynne Urbani, Director, House Of Representatives Policy Office
- Ken Wagner, Commissioner, RIDE
- Robert Walsh, Executive Director, National Education Association-Rhode Island

Section 2: Format and provisions of a statewide contract

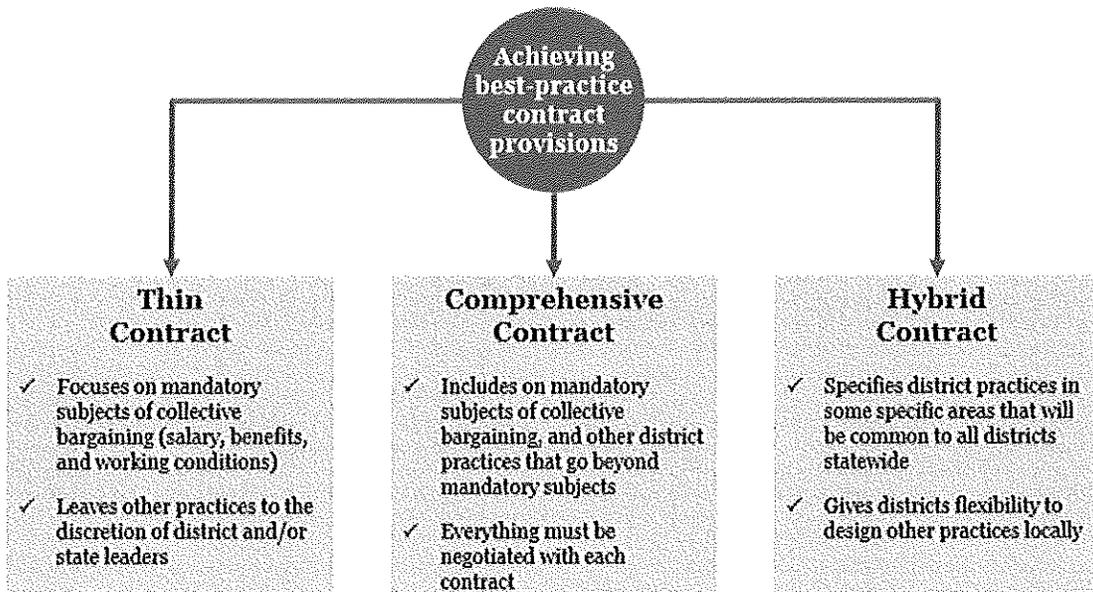
The importance of great teachers is well documented by educational researchers and widely acknowledged by educators, policymakers, and parents. Research has shown overwhelmingly that a strong teacher can change the trajectory of a child's life; students consistently instructed by struggling teachers often struggle to succeed in school which contributes to lower graduation rates and other undesirable later life outcomes.

Because of the importance of strong teachers, teacher contracts that support strong teachers and encourage all teachers to consistently improve can be among the most important levers for increasing student performance. DMC has collected information from dozens of school districts and research organizations across the country to identify contract provisions that have been used to improve student outcomes and manage costs. Our research has included expert consultations, best-practice research, and experience working with dozens of high performing districts nationwide. These practices were shared with key Rhode Island stakeholders and modified to better reflect the educational context of Rhode Island. The result was a list of eight best-practices for raising student achievement cost effectively through teacher contracts (see below).

School districts typically utilize one of several strategies to achieve these best practices. Sometimes, best practices are achieved by writing them in to a *comprehensive contract*, which specifies exactly how each practice should be implemented, and is collectively bargained between a school committee and union leaders. In other instances, districts utilize a *thin contract* in which these practices are not referenced in the contract, but instead left to the discretion of a third party (most often, the district leadership, but sometimes to state regulators, committees of teachers and district leaders, or others). A thin contract can achieve the same ends as a comprehensive contract, but is more flexible and can respond more readily to changing district and state contexts. Comprehensive contracts, by contrast, can provide more certainty and stability to district stakeholders. Whether a district chooses to pursue a thin contract or a comprehensive contract is most often a result of its unique context and history.

In the context of a statewide teacher contract, Rhode Island may also choose to pursue a third approach toward enacting best-practice contract provisions, which is to determine some provisions at the state level and some at the local district level. In this *hybrid contract* approach, certain aspects of the teacher contract may be fixed across all districts in the state (e.g. teacher salary levels, school calendars) whereas other areas may be left to each district to individually determine (e.g. class size, professional development).

Methods for achieving best-practice contract provisions



The RI Department of Education's Basic Education Program (BEP) provides an outline of what programs, policies, and systems every school district must provide in order to meet the standard of a high quality education for every student. One implication of the BEP is that there are multiple tools available for districts to achieve goals related to their educational mission (such as those best practices described below). Those tools include collective bargaining, district policy, and state law.

Eight Best Practice Contract Provisions for Raising Student Achievement

DMC's research has identified eight contract provisions used by other districts across the country for raising student achievement. By raising student achievement, overall district costs also often decrease, as the costs associated with remediation services, low graduation rates, and other areas connected to struggling performance decrease.

Those provisions are:

- **Provide incentives to work in urban centers**

Nationally, students living in urban and high poverty districts are much less likely to be taught by highly effective teachers, regardless of how "highly effective" is defined. In Rhode Island, stakeholders expressed broad agreement that one goal of a statewide contract should be to recruit and retain highly effective teachers in urban centers.

Districts across the country have used a variety of incentives, both monetary and non-monetary, to encourage working in urban centers. For instance, in the state of Arkansas,

multiple financial incentives are designed to attract teachers to high needs schools and subjects. Denver also pays teachers a bonus for working in high needs schools, and in in Dallas Independent School District, teachers must work in a high needs school to receive the highest evaluation scores. A 2013 study called the Talent Transfer Initiative studied 10 cities and paid select teachers a large bonus for relocating to a school with results in the bottom third: the results showed that performance increased compared to the control group, and many teachers opted to stay in their new school.

In Rhode Island, stakeholders have suggested a variety of additional programs. One often-cited idea was to establish teacher fellowships or other structures that allow highly effective teachers to move between districts, for example spending 1-2 years in a higher need district than their current one. Other ideas have included increasing the portability of salaries between districts, rotating schedules that allow teachers in geographically proximate districts to travel to urban schools on certain days of the week, and others.

Stakeholders have also noted some risks in each of these ideas, for instance that increasing portability of teacher salaries between districts could make it easier for teachers to leave urban areas, not just join urban areas. Additionally, without thoughtful safeguards, the teachers that choose to move to high needs districts may not be the most effective. When thoughtfully implemented as part of a comprehensive plan, many of these initiatives could be accomplished at no additional cost (e.g. by shifting funds from less effective initiatives and considering both monetary and non-monetary incentives).

- **Provide incentives for hard to fill positions**

Districts and states across the country have ramped up recruiting efforts in recent years as they have struggled with an increase in the number of vacant positions. In August of 2015, the New York Times reported that Providence was one of many districts across the country struggling with a teacher shortage.

However, the shortage of teachers is disproportionately acute in certain subject levels, grade levels, and specialties. According to the Providence Journal, districts in Rhode Island have found extreme difficulty in recruiting for math and science teachers, but relative ease in finding qualified elementary teacher candidates. Nationwide, other districts have dealt with similar challenges by providing incentives for hard to fill positions. For instance, Denver provides a bonus to teachers in hard to staff roles.

In the short run, providing incentives for hard to fill positions may enable Rhode Island to attract more effective candidates.

- **Allow for helpful sharing of feedback between principals and teachers**

Teachers, like any professional, can often benefit from feedback by expert observers. However, in teaching, the logistical challenges of providing such feedback can be significant, as teachers are often the sole adult in their classrooms and administrators have dozens of teachers to observe. Contract provisions should seek to lower logistical

barriers that exist in some contracts by allowing principals to observe staff and share helpful feedback.

In Rhode Island, the statewide teacher evaluation system was recently revised. Still, several stakeholders noted that certain districts require long advanced notice or intensive paperwork for principals to observe teachers. These provisions raise the logistical hurdles to providing helpful feedback to teachers rather than lowering them. The recent work on teacher and principal evaluation undertaken by RIDE has significantly improved the evaluation process, although some stakeholders still noted that there are barriers in specific districts. In a statewide contract, Rhode Island should consider ways to facilitate frequent, fair, and helpful feedback to teachers that allows them to continuously refine their craft.

- **Allow for flexible investments in helping teachers become better teachers**

In addition to expert observations and feedback, teachers often benefit from opportunities to plan their lessons together, analyze data with peers, and learn about new promising practices. Ideally, these activities vary from school to school and even from teacher to teacher as the needs of teachers vary.

In some school districts, contracts limit when teachers can participate in professional development (e.g. by outlawing the use of certain blocks of time, prohibiting certain methods, or placing aggregate limits on the amount of PD time in a year). In best-practice districts, contracts allow and encourage regular, job embedded professional development.

- **Facilitate schools' ability to opt for extended learning time**

When implemented well and as part of comprehensive reform efforts, a longer school day or school year has helped raise academic outcomes for students – especially for students who struggle academically. However, successfully implementing extended learning time is a challenge for many districts: to many, the financial and logistical barriers can be substantial. Strong contracts can help minimize the logistical barriers that prevent school districts from successfully implementing extended learning time when it is good for students.

For instance, school districts often attempt to extend the school day at low cost by staggering teacher start times or vacation times, utilizing blended learning, reducing non-teaching duties for teachers, or altering the school schedule. For instance, in Windsor Locks (Connecticut), there are differentiated schedules for teacher who serve students in an intervention block: these teacher start later and end later, thereby creating extended learning time for students. Contracts that specify exactly when teachers must arrive, how many duty periods they must have, or how students can access blended learning make it much harder for districts to achieve extended learning time or to implement it successfully and sustainably.

- **Consider performance as one of multiple criteria during required reductions of force**

Occasionally, due to budget issues or other external pressures, reductions in force are required at a school. Generally when reductions in force are required, the most junior teachers are the first to be let go. When one or more of the most junior teachers are not the least effective teachers, student achievement suffers.

Nationally, districts have begun experimenting with alternate methods of handling reductions in force. For instance, in Charlotte (North Carolina), a district recognized for its success in increasing achievement and closing achievement gaps, principals were given discretion in how to enact reductions in force during the budget crisis following the great recession.

Rhode Island may consider ways to establish fair and transparent criteria for considering performance as one of multiple criteria when reductions in force are required.

- **Encourage school flexibility in selecting teachers**

Districts often utilize a wide variety of tactics for hiring teachers. Some districts do all hiring centrally, other districts allow principals to hire teachers directly, and still others utilize a hybrid approach. When the process is too centralized, the first day of teacher orientation can be the first time new teachers are meeting their colleagues and their supervisor.

Allowing schools and school communities to have greater flexibility (within established criteria and parameters) to select teachers can lead to hiring teachers who are the best fit for their particular building. When done well, it can also give job candidates more realistic information about students, curriculum, and the workplace. One example of a school district where this has worked well is Boston Public Schools (BPS): in BPS, principals, especially those in more autonomous schools such as pilot schools and innovation schools, have certain flexibilities to hire the teachers who are the best fits for their buildings.

- **Facilitate career progression without leaving the classroom**

According to surveys conducted as part of the study "Closing the Talent Gap," only approximately one third of teachers believe that there are opportunities to advance professionally in their career, leading many highly effective teachers to pursue jobs in other fields or in administrative roles. When this occurs, fewer students have the opportunity to learn directly from these highly effective teachers.

In Washington, D.C. Public Schools, the Leadership Initiative for Teachers (LIFT) establishes a five-stage career ladder for teachers that gives highly effective teachers additional responsibility, recognition, and at times additional compensation. Baltimore

City Public Schools has also recently initiated a system for teachers to progress in their careers as part of a comprehensive compensation reform designed jointly between district and union leaders. Rhode Island may benefit from considering other ways to allow outstanding teachers to be recognized, rewarded, and leveraged based on their ability and interests while remaining in the classroom.

Section 3: Financial analysis

In states such as Rhode Island, where there are multiple legislative priorities, significant needs, and finite resources to meet those needs, it is natural to wonder whether a statewide teacher contract would increase costs, decrease costs, or be cost neutral. Some stakeholders reported fears that a statewide contract would lead to significantly increased costs either for the state as a whole or for particular districts; others expressed hope that a statewide contract could reduce costs.

Based on our analysis, a statewide contract is not, by nature, cost increasing, cost decreasing, or cost neutral. Rather, the contents of the contract determine its cost.

Below is details from analysis into several key drivers of contract costs, including teacher salaries, healthcare, and others. In each instance, the adoption of a statewide contract could either increase or decrease costs depending on the contents of the contract.

Section 3a: Teacher Salaries

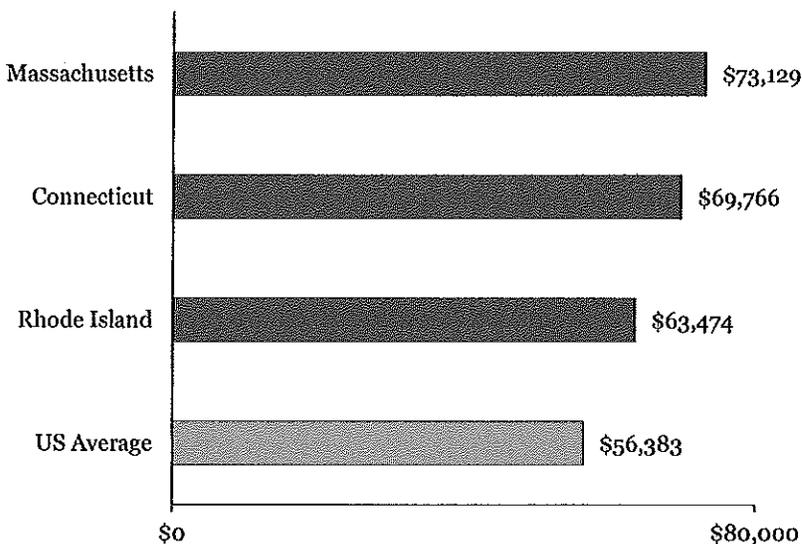
Nationally, school districts spend approximately 80% of their budgets on staff salaries and benefits, with almost 70% of that going toward the salaries of instructional staff. As a result, the agreed upon salary level is likely to be the most important determinant of whether a statewide teacher contract is cost saving or cost increasing.

Overview of current salaries in Rhode Island

In every traditional Rhode Island district, teacher pay is primarily based on the same two factors: training and experience. Teacher pay is typically enumerated in each district's collective bargaining agreement, with a salary schedule that defines the "steps" (i.e. pay increases based on years of experience) and the "lanes" (i.e. pay increases based on education and degrees). Although some traditional districts offer teachers increased pay for taking on additional responsibilities such as coaching positions or department chair positions, the pay for these responsibilities is typically minimal.

On average, Rhode Island teacher salaries are lower than in neighboring states, with the overall average of \$63,474 per year in Rhode Island compared to \$73,129 in Massachusetts and \$69,766 in Connecticut. However, Rhode Island salaries are higher than the national average of \$56,383.

Average Teacher Salaries in Rhode Island and Neighboring States, 2013¹

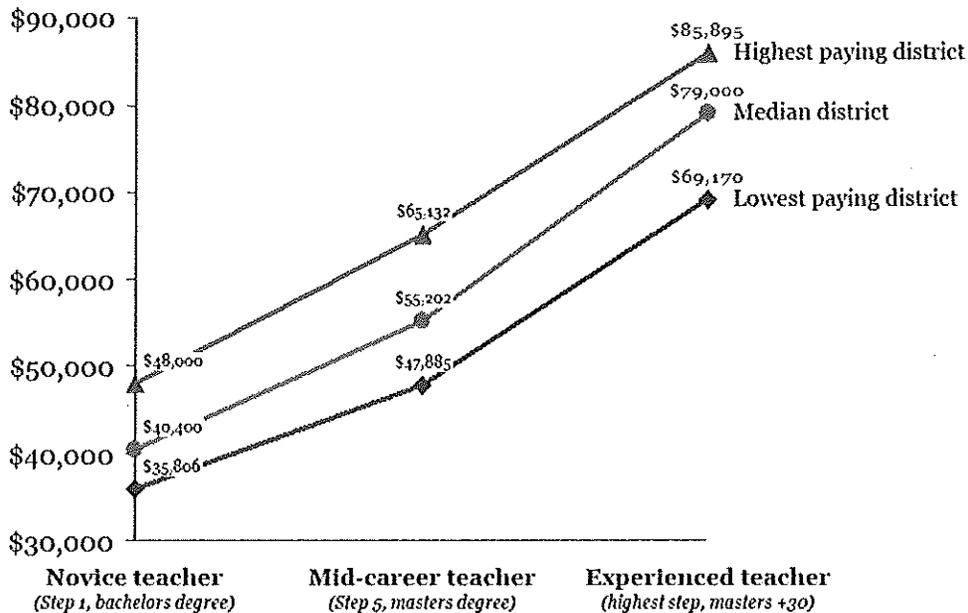


Although Rhode Island, as a whole, has a lower average teacher salary compared to Massachusetts and Connecticut, certain traditional districts and certain teachers often have salaries well above and well below these averages. For instance, novice teachers are typically

¹ National Center of Education Statistics, Digest of Education Statistics (Table 211.60).

paid approximately \$40,000, but may be paid as little as \$35,000 in some traditional districts and as much as \$48,000 in others. As teachers gain more experience and higher degrees, their pay increases, but it increases at different rates depending on the district in which they teach. At every career level, there is typically a difference in pay of approximately \$15,000 between the highest and lowest paying district in Rhode Island.

Variance in Teacher Pay within Rhode Island Traditional Districts, 2014-15



Three factors are commonly used to explain the differences in teacher salaries across Rhode Island districts: per-pupil spending, whether the district is urban, and whether the district borders Massachusetts or Connecticut. The common perception is that wealthier, less urban districts may have more available funds for teacher salary, and districts that border other states may pay more in order to attract higher quality candidates.

Based on our analysis, whether a district is urban or non-urban has low impact on the teacher salaries offered in those districts (urban traditional districts pay novice teachers an average of \$47,800 per year, while non-urban traditional districts pay novice teachers an average of \$47,200 per year)². Per-pupil spending rate also is not predictive of teacher salaries. However, traditional districts that border Connecticut are more likely than others to pay teachers higher salaries.

- Whether a traditional district is urban, high spending, or bordering on Massachusetts does not significantly predict that district's teacher salaries

² For the purpose of this analysis, urban districts are taken to be Central Falls, Pawtucket, Providence, and Woonsocket. Similar trends hold true with broader definitions of urban districts.

- Traditional districts bordering Connecticut are more likely to offer higher salaries at every career level. Whether a district borders Connecticut explains slightly less than 20% of the variation in Rhode Island teacher salaries.

Cost Scenarios

In order to better understand the implications of defining teacher salary as part of a statewide contract, we have prepared three example scenarios and projected the cost of teacher salaries in each Rhode Island district under each scenario.³ These are not recommendations but rather a sensitivity analysis.

Each scenario has implications not only for how overall costs would change statewide, but also for Rhode Island's ability to attract high quality teachers. Nationally, teachers are typically more likely to move between districts in the same state than between different states; however in Rhode Island, some districts are proximate enough to Connecticut and Massachusetts districts that they compete for the same pool of applicants.

Higher cost scenario: In this scenario, the state would adopt the highest teacher salary offered in Rhode Island for each salary level. In other words, no teacher would see his or her salary decrease as a result of moving to a statewide contract under this scenario.

- In this scenario, total costs statewide may increase by between 10% and 20%
- Every district in Rhode Island would see its salary expenses increase. Increases may range from less than 1% to over 30%

Median cost scenario: In this scenario, the state would adopt the median teacher salary for each salary level. Depending on their district, some teachers may see their pay increased and others may see their pay decreased.

- In this scenario, total costs statewide would remain constant (approximately 0% change)
- Approximately half of the districts may experience cost increases in this scenario. Cost changes may range from a 15% decrease to a 15% increase

³ Each scenario assumes that all Rhode Island districts have a similar proportion of novice, mid-career, and experienced teachers, and that teacher pay in each district increases linearly between these three career levels.

Lower cost scenario: In this scenario, the state would adopt the minimum teacher salary for each salary level. No teacher would see a salary increase under this scenario, and many teachers would experience salary decreases.

- In this scenario, total costs statewide would decrease by between 10% and 15%
- Every district in Rhode Island would see its salary expenses decrease. Decreases may range from approximately 2% to over 25%

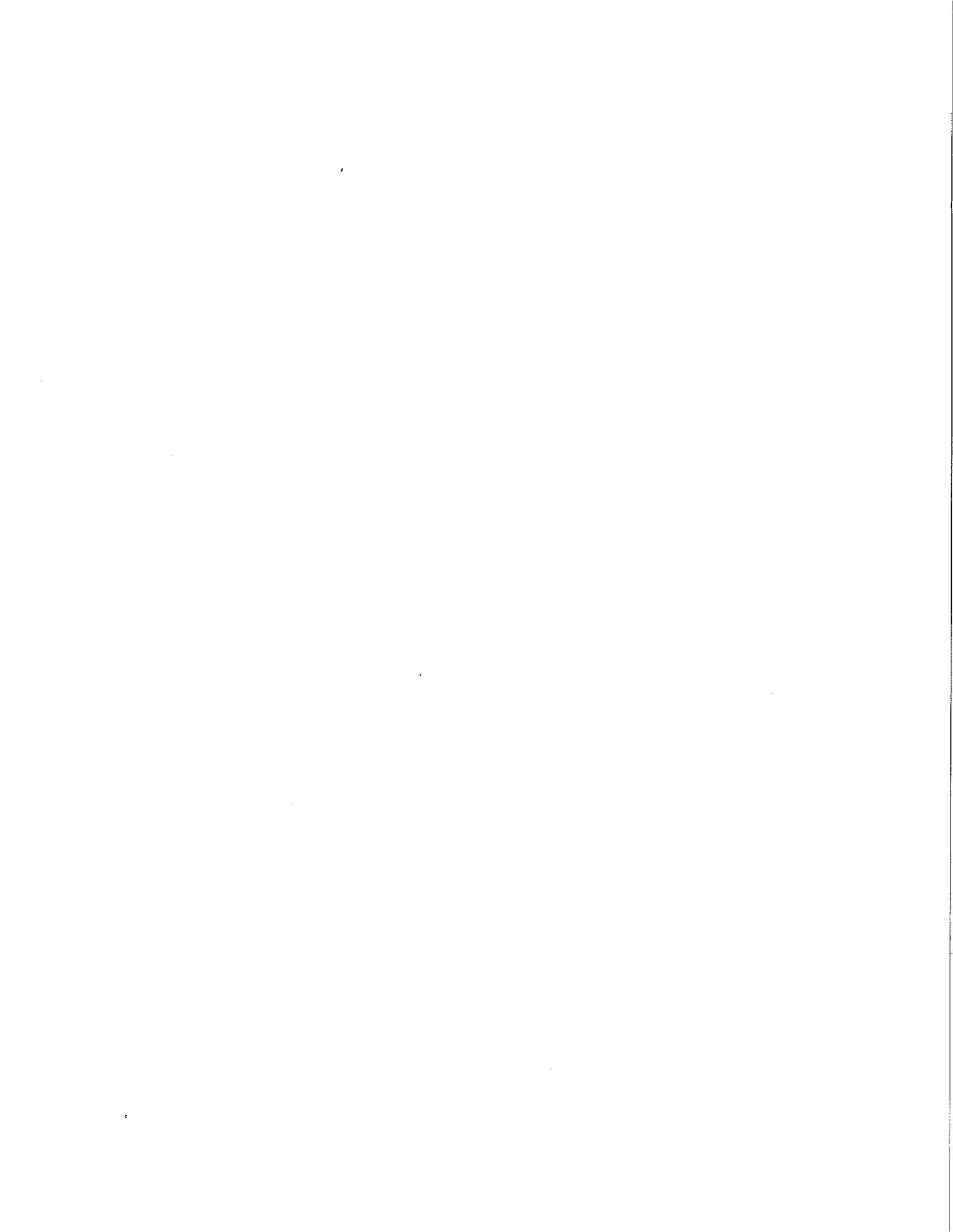
In summary, the cost implication of a statewide teacher contract on teacher salaries depends significantly on how teacher salaries change. Although it is possible that a statewide contract could decrease costs, it would require some teachers to experience pay cuts, sometimes significant ones. If teachers are not asked to take pay cuts, total state salary costs could increase by as much as 20%.

Analysis of non-traditional districts TBD

Teacher Salary Data Attached

Attached, please find the following data on teacher salaries:

- Average salary for novice teachers, across all Rhode Island districts and charter schools
- Average salary for mid-career teachers, across all Rhode Island districts and charter schools
- Average salary for experienced teachers, across all Rhode Island districts and charter schools
- Highest step offered in each Rhode Island district



Section 3b: Healthcare

The idea that providing healthcare as part of a statewide teacher contract could result in substantial financial savings to the state was, according to stakeholders, one of the key reasons that a statewide contract should be considered. The idea is not a new one. Since 1986, the Interlocal Trust has assisted Rhode Island governmental entities to develop insurance plans, and as recently as 2007, the Rhode Island Department of Elementary & Secondary Education conducted a survey of Rhode Island school districts to collect information concerning health coverage offered to district employees and retirees.

Despite the high degree of interest in generating cost savings by providing healthcare through a statewide contract, our analysis has found that achieving that cost savings is by no means guaranteed. In fact, providing healthcare through a statewide contract could lead to cost increases, depending on how the plan is structured and adopted. Whether a new healthcare plan provides cost savings to districts or cost increases depends much more significantly on the contents of the plan than on whether the plan is provided through a statewide or local contract.

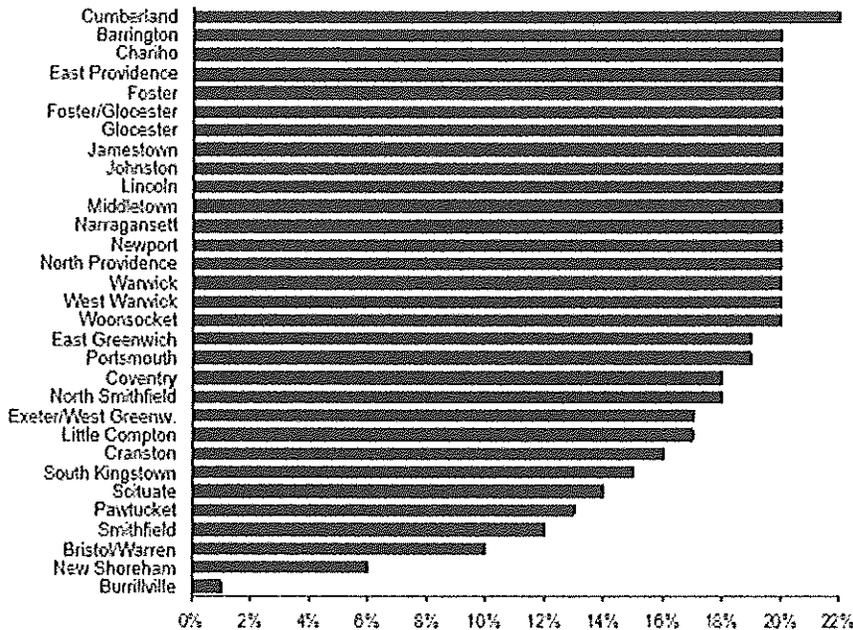
Current Rhode Island Healthcare Plans

Currently, school districts in Rhode Island offer healthcare plans to their employees with a wide variety of different features and different costs. DMC's analysis of the collective bargaining agreements of every traditional Rhode Island school district, along with survey data from the Rhode Island Association of School Committees, the Rhode Island Department of Education, and the associations of RI charter schools and mayoral academies revealed the following:

- The vast majority (over 90%) of traditional Rhode Island districts insure with Blue Cross
- Among the three significant drivers of the cost of healthcare plans (cost sharing proportion, deductibles, co-payments), districts offered a wide variety of benefits, with some districts offering benefits 2x to 10x larger than other districts
- Traditional districts that offered large benefits in one area of their healthcare plans were no more or less likely to offer large benefits in other areas of their plans
- Traditional districts that offer higher average teacher salaries are slightly more likely to offer more generous healthcare plans

As an example, the proportion of the healthcare premium that employees must pay (i.e. the cost-share) is often a significant driver of the overall cost of the healthcare plan to districts and employees alike. However, there exists significant diversity in the level of cost sharing that occurs in most traditional districts.

**Variation (among traditional districts) in Health Care Cost Shares
2014-15 snapshot**



Note: information is unavailable for some districts (including Central Falls, North Kingstown, Providence, Tiverton, and Westerly). Cost shares shown are for individual teachers, on early steps, participating in the district's primary health plan.

Because each district offers very different levels of healthcare plans compared to one another, it is possible that any statewide healthcare plan (aside from the most generous) could result in cost increases for some districts, and cost savings for others.

Analysis of non-traditional districts TBD

Cost drivers in a statewide healthcare plan

There are many different ways in which a statewide healthcare plan could result in cost savings, or conversely could result in cost increases. Broadly, there are three common drivers that could impact statewide healthcare costs in a statewide teacher contract, depending on how they are determined.

The three common drivers of statewide healthcare costs are:

- **Economies of scale:** Among some types of goods, price can be decreased by purchasing the good with greater scale. In healthcare, cost savings may be achieved by renegotiating healthcare plans with greater leverage (because more employees would be on one plan) and by reducing duplicative management of healthcare plans within each district.
- **Enlarged or altered risk pool:** The cost of healthcare is largely determined by the “risk pool” of employees covered by the health insurance (i.e., employees more likely to be sick cost more to insure). Providing healthcare at the state level may change the overall risk pool of the employees insured.
- **Altered health plan design:** Because each district has healthcare features and benefits, a statewide plan is likely to change the benefits provided in many districts. These changes will have a direct impact on the healthcare’s total cost.

Economies of scale: In Rhode Island, there may be some savings related to providing healthcare to teachers at scale. However, those savings are likely to be small.

There are two primary mechanisms through which it is possible that larger healthcare plans may result in lower costs. The first is that organizations with more employees may have greater leverage in negotiations with health insurers, resulting in more favorable terms. Compared with other drivers, the impact of this is likely to be small, as nearly all school districts already insure with only one insurer (Blue Cross). Cost savings that can be achieved through negotiating leverage are generally smaller when employers have limited ability to leave one insurer for another.

The second way that economies of scale may exist in healthcare plans is through reduction of duplicative management. Here, too, the impact of moving to a statewide contract is likely to be small as the current manpower dedicated to managing healthcare plans is limited. In Rhode Island, the Interlocal Trust will negotiate plans and handle basic administration for its members, as will several other organizations such as the West Bay Collaborative. Because negotiating healthcare plans is only done sporadically, districts often do not have full-time FTEs dedicated to negotiating and managing healthcare specifically.

Enlarged or altered risk pool: Because healthcare is in part a way to pool risk, many assume that larger healthcare plans may be less risky and therefore less costly. While true for very small pools of employees, this is less likely to be true for employers that already have dozens or hundreds of employees or for insurers that already handle hundreds of thousands or millions of patients. According to the American Academy of Actuaries, the composition of a risk pool is much more important than its size: “Creating a large risk pool...does not necessarily translate into lower premiums. Just as a pool with more low-risk individuals can result in lower premiums, a large pool with a disproportionate share of high-risk individuals will have higher premiums.”⁴ Quality, not quantity, of a risk pool is the more important determinant of cost.

⁴ “Critical Issues in Health Reform: Risk Pooling,” American Academy of Actuaries, July 2009.

In Rhode Island, different districts currently have different risk pools. Some districts have a higher proportion of older teachers (which likely pay more in healthcare premiums), and some have a higher proportion of younger teachers (which likely pay less in healthcare premiums). By moving onto a statewide healthcare plan, the costs across districts attributable to their risk pool would become more uniform. Some districts would likely see increases while others decrease from the uniform risk pool. However, the overall costs statewide are unlikely to change significantly from simply a larger risk pool with the same risk profile.

Altered health plan design: Generally the largest lever that school districts have available to them to increase or decrease the cost of healthcare provision is to change the benefits level provided to teachers. Some best practice provisions exist that can help districts manage costs while providing better service to employees (e.g. encouraging the use of generic drugs when they are shown to be equally effective compared to the brand-name alternative). Changing the level of benefits (e.g. the cost share, co-pay, and deductible) also has a direct impact on the overall cost of healthcare.

In Rhode Island, there currently exists a large range of benefits provided by different districts. Some districts have low copays, others have low deductibles, others have low cost shares. Districts that offer large benefits in one area of their healthcare plans are no more or less likely to offer large benefits in other areas of their plans. Due to this variation, there is a high degree of likelihood that a statewide contract would produce cost savings in some areas (and for some districts) and cost increases in other areas. How the benefits are decided will have a large impact on the total cost of healthcare in a statewide contract.

Teacher Health Care Data Attached

- Teacher cost-share on an individual healthcare plan for each Rhode Island district and charter schools
- Copay for each district and charter school healthcare plan, including copays for:
 - Office visits
 - Specialist visits
 - Urgent care visits
 - ER visits
 - Generic prescription drugs
 - Brand name prescription drugs
 - High cost brand name prescription drugs
- Deductibles for each district and charter school healthcare plan, including family and individual deductible

Section 3c: Other drivers of statewide costs

Some stakeholders suggested that a statewide contract may raise or lower costs for a variety of other reasons. Although salaries and healthcare benefits are the largest drivers of potential costs in a statewide contract, districts also provide a variety of other benefits that may have a smaller impact on the overall costs of a statewide teacher contract.

Social Security Benefits

Several people suggested that changing the provision of social security benefits may impact total costs statewide. Currently, 23 districts do not participate in the social security system, while 13 districts do participate.

However, our analysis has determined that there is limited flexibility for a statewide contract to make substantive changes to current social security benefit levels. According to the Employees' Retirement System of Rhode Island, school districts that have opted into social security benefits may continue to offer social security benefits; however, school districts that do not currently contribute to social security cannot opt in to the system via changes to the collective bargaining agreement. Therefore, a statewide contract would have no bearing on the number of teachers who do or do not participate in social security.

Teachers in districts that do not currently contribute to social security can join as their own retirement system coverage group; however, the process for doing so is outside of the collective bargaining process. It is described in the Rhode Island General Laws 36-7-10 to 36-7-18. Several key steps include:

- The town's legislative body must request the Governor to authorize a referendum
- The Governor must authorize and fix a date of the referendum and designate a commission to supervise it
- An approval of at least a majority of members is required for the group to join, in which case all members of the group would participate in social security as well as all future teachers
- Should the vote fail, the town would need to wait at least three years before being able to request another referendum

Life Insurance

Most districts provide life insurance benefits to their employees, although the amount of coverage varies between \$10,000 and \$100,000. The cost of a statewide contract would vary depending on the amount of life insurance coverage provided to teachers. However, the financial impact of the cost of life insurance coverage in a statewide contract is likely to be small compared to healthcare benefits and salaries.

OPEB Liabilities

A statewide teacher contract is unlikely to have any significant direct effect on liabilities from Other Post-Employee Benefits (OPEB).

Currently, an employee's life insurance, healthcare, and other benefits after retirement are typically negotiated as part of the teacher contract. After the employee retires, their benefits often remain the same as the where when that employee retires. Renegotiating the contract does not necessarily change the benefits that a retired employee receives.

Because renegotiating the current teacher contract does not typically affect the benefits accruing to staff that are retired, a new statewide contract would not significantly affect OPEB liabilities.

Construction Debt

A statewide teacher contract is unlikely to have any significant direct effect on a district's general obligation debt from school construction. Districts that currently face debt liabilities would likely continue to face such liabilities with or without a statewide contract.

Attached data related to other drivers of statewide costs

- Life insurance coverage offered by each Rhode Island District
- Social security benefits offered by each Rhode Island District
- Workers compensation benefits offered by each Rhode Island District

Section 4: Other areas of interest

Cross-district staffing

One potential benefit of a statewide teacher contract is to allow easier sharing of staff between districts (i.e. teachers working part time in one district and part time in another.). For small districts, small departments, or courses with small enrollments, sharing staff has significant benefits: districts can simultaneously decrease costs and increase course offerings.

Already, it is possible for school districts to share staff (and may be occurring in some districts). A common contract may further facilitate such arrangements. However, logistical barriers make sharing staff difficult to achieve at scale (for instance, the need for common scheduling, travel time, and cross-district planning). Solutions to these logistical barriers may or may not be part of statewide teacher contract. As a result, it may be difficult to capture all of the potential benefits as part of a statewide teacher contract.

Teacher mobility between districts

Several stakeholders have expressed interest in contract provisions that would allow teachers to move between school districts. In particular, stakeholders were interested in ways that may allow highly effective teachers in one district to more easily move to higher needs districts, either permanently or for a short period of time. (See section 2 for a discussion of practices related to incentivizing teachers to work in urban districts.)

Such arrangements may take many forms, including 1-2 year fellowship programs, increasing portability of salaries between districts, and others. Stakeholders have also noted some risks in each of these ideas, for instance that increasing portability of teacher salaries between districts could make it easier for teachers to leave urban areas, not just join urban areas. Additionally, without thoughtful safeguards, the teachers that choose to move to high needs districts may not be the most effective. Nonetheless, if thoughtfully implemented, a statewide contract could allow for more teacher mobility between districts, potentially benefiting students in high needs and urban school districts and providing teachers a meaningful development opportunity.

Personalized learning

Due to the accelerated development of technology tools that are available to help educators differentiate and personalize instruction to students and due to the national attention that such initiatives often garner, many Rhode Island stakeholders are interested in encouraging more personalized learning in the state. Only rarely is personalized learning a subject of collective bargaining. When it is a subject of collective bargaining, negotiations often surround questions such as class size, teaching load, intellectual property of curriculum materials posted online, and hiring of outside teachers.

The politics of addressing each of these questions may be different, depending on whether they are addressed in a statewide or a local contract. However, no inherent features of a statewide

contract, local contract, or other enabling legislation likely make these issues more or less impactful.

Inclusion of non-traditional district schools in a statewide teacher contract

Some stakeholders have questioned whether non-traditional school districts (e.g. charter schools, mayoral academies, others) would be included in a statewide teacher contract in Rhode Island.

Charter schools and other non-traditional district schools often have many purposes. One common purpose is to allow for schools to experiment with unusual or innovative school designs. Sometimes, these alternate school designs rely on alternate staffing models, and therefore utilize different teacher contracts than traditional schools.

If Rhode Island chooses to pursue a statewide teacher contract that includes non-traditional districts such as charter schools and mayoral academies, stakeholders may consider ways to allow different levels of flexibility to different types of schools. This may allow schools to continue offering and experimenting with alternate school designs and staffing models.

- Rhode Island General Laws, section 28-9.3-3: describes the teacher and school committee relationship
- Education Code (Title 16): details authorities and responsibilities of school committees
- Rhode Island General Law, chapters 16-12 and 16-14: describes statutory rights and protections for teachers outside of their union affiliations