



San Francisco Unified School District
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*Comments of Superintendent Arlene Ackerman
Regarding SFUSD - SEIU 790 Labor Negotiations
November 2, 2005*

Good Afternoon.

I am here to provide another update to the community about the District's negotiations with SEIU Local 790, which represents school custodians, cafeteria workers, and clerical staff.

Late last night, following two days of fact-finding hearings, the Board of Education offered 790 a new proposal in the hopes of avoiding a strike. In addition to the three additional paid days off, a promise of no furloughs for two years, and early retirement incentives, the Board's latest offer includes expanded coverage for dependent health care and a 3% raise.

The District currently offers 100% coverage of each employee's health care costs, 80% of the cost of employee plus one dependent, and 60% of the cost of employee plus two or more dependents.

Union leaders have demanded that coverage levels be increased to 100% of employee coverage, 100% of employee plus one dependent, and over 80% of employee plus two or more dependents.

After significant deliberations and debate, the District's new proposal meets these demands for the upcoming school year, which would give an additional \$2,200 annually to each 790 staff member with family coverage. In addition, every 790 employee would receive wage increases totaling 3% over the next two years.

As you know, costs of health care are skyrocketing, with double-digit rates of increase not only in this district but for employers across the country. As a result, employees at school districts around the state and country are being asked to make concessions to reduce their employers' health care contributions.

I know of no other employer in the United States that has taken an action, as the Board of Education did last night, to increase its health care coverage levels. The only caveat the Board asked in its proposal was that future dependent health care increases beyond the \$2,200 would be subject to future negotiations.

The Union leadership has flatly rejected the Board's new proposal and is insisting that the Board agree to cover annual increased costs as far as the eye can see, irrespective of any future negotiations.

Let me comment on how these proposals would affect the District's bottom line, as we negotiate with other unions. If the Board were to agree to 790 leaders' demands for a 4% wage increase plus uncapped dependent health benefits, District-wide costs would total \$42.7 million.

The District-wide costs of the Board's offer for all employee groups would total \$26.8 million. In other words, 790 leaders' demands extended to all employees exceed the Board's offer by nearly \$16 million. This difference is equivalent to the fiscal impact of closing 20 schools, laying off 110 teachers, or increasing class sizes by three students in grades 4-12.

Some would ask why I am so concerned about these decisions since I am leaving in June. In many respects, it would be easier to walk away and let the situation run its course. However, I care deeply about the fiscal solvency of this District, and the consequences are too dire. I know how damaging it would be to commit to union leaders' demands that exceed our ability to pay in the future, which could ultimately lead to a state takeover and decimation of the quality of education for our students.

I have heard that an illegal strike may be called as early as November 10th. Union leaders are urging rank and file workers to prepare for an illegal strike and go without pay during the holiday season. These same union leaders reportedly make as much as \$300,000 each year and will see absolutely no interruption in their own pay.

Before the union leadership decides to make that call, I again challenge them to let their members vote on the District's proposals. I am confident that given the opportunity to choose between one or more of the District's proposals and going on strike, our employees would accept one of the proposals. Is it fair to place these workers in a fragile financial position without giving them a choice?

Similarly, 790 leaders, along with UESF leaders, are placing the District in an impossible situation, recklessly forcing the Board of Education to choose between a damaging strike and an even more crippling bankruptcy.

Certainly, all the District's staff members deserve a raise. Please remember that if we not been placed in this situation by the state's under-funding, we would not be here.

I believe the Board of Education has gone to great lengths to offer wage and benefits increases to avoid a strike. The District will be forced to make deep cuts in staff, programs and schools to afford the new proposal. This is a frightening proposition. In my professional opinion, I believe this proposal puts the District on the brink of a financial crisis. I am convinced that accepting the union's offer and applying it to all employees would lead to a state takeover of our District within two years.

I urge union leaders to reconsider their position. I ask parents, the Mayor and other officials, and community members to evaluate the long-term impact of these decisions.

I still hope that we can reach an agreement and avoid a strike. I believe that the Board's proposal offers the greatest opportunity to recognize the hard work of our employees without bankrupting the school system.

Thank you.