

Contracted Employees Q and A

1. *Why has the South Lyon Community Schools contracted certain jobs/positions?*

To save money and retain quality employees.

2. *Is this legal?*

Yes. School districts are allowed to contract out any job except for teachers and the superintendent.

3. *What positions or jobs does the district contract out?*

Teacher subs (most), non-faculty coaches (most), student computer technicians (all), administrators (some), non-union (some).

4. *How much money does the district save?*

The district saved approximately \$200,000 in the 2008-09 fiscal year. For subs, coaches, and technicians, the district saves about 10% of their compensation. For full-time administrators and non-union, the district saves about 20% of their compensation.

5. *How does the district save money?*

For the subs, coaches, and technicians, the district hires them through a third party that pays their compensation. By doing this, the district avoids paying the approximately 17% surcharge on wages that would go to the State retirement program. For administrators/non-union, the 17% is saved as well as the cost of health benefits.

6. *Isn't it correct that retired administrators get their full pay from the third party as well as the ability to draw on their state pension? Isn't this "double dipping"?*

It is not uncommon that older employees of any company have other sources of income while continuing to work full time. This could be a 401K, military pension, Roth IRA, a private pension, etc. The fact is that the retired administrators that are re-hired through a third party have earned this retirement income and are fully eligible for it. It should also be pointed out that their state retirement plan pays out from a formula based on years of service. Therefore, administrators that may retire earlier than they would have otherwise done would actually receive a reduced pension.

By contracting some positions we are actually saving other positions that pay into the State retirement system.

7. *Why doesn't the district contract out all non-instructional union positions?*

The district does have the legal authority to do this, but up to this point the district has chosen not to contract out or privatize these positions. Instead, we have worked with the unions to reduce employee costs through contract negotiations.

8. *What would happen if the district stopped contracting out these positions?*

It would increase district expenditures by about \$200,000, causing the district to make other budget cuts to make up the difference. For example, this would equate to the same dollar amount as eliminating an additional 3.25 teaching positions.