

AN OHIO NEWSPAPERS SPECIAL REPORT

Today's report examines publicly funded pensions as Ohio's lawmakers consider options to improve the solvency of these funds.

Information supplied by the pension funds enabled reporters from the state's eight largest newspapers to identify thousands of public employees who are working in public office and collecting pension payouts at the same time - known as "double dipping."

That list was matched with the most readily available public directory - Ohio school superintendents - to produce this report.

Coming Monday: Pension funds lack public transparency, are able to lobby lawmakers.



Many top educators double dip the system

Growing number retiring only to get rehired at same job or another district, collecting pension as well as a paycheck

By Dennis J. Willard
Beacon Journal Columbus Bureau

For the past decade, Larry Morgan has been collecting a pension check from the State Teachers Retirement System and a paycheck as superintendent of the Stark County Educational Service Center.

He is paid \$149,688 by the service center and a \$6,000 supplemental salary, plus his employer contributes \$10,000 to a tax-deferred annuity and he gets life insurance.

He also is paid \$1 a year as superintendent of the county's R.G. Drage Career Technical Center. When he stops working or dies, according to his contract, Morgan or his heirs will be paid \$5,000 for each



Morgan

year he has run the vocational center since 1995.

On top of that is his pension check. That's private, but the annual amount could easily be in six figures.

Morgan, 68, will spend about a fifth of his career collecting pension checks from the state retirement fund while receiving full pay as a superintendent, a practice often called double dipping. Absent the assurance that he could keep his full-time government job, Morgan said, he probably would not have retired on Aug. 1, 2000, when he was making \$129,969.

Morgan may be cashing in on the system more than others, but he is hardly an anomaly in Ohio.

He is a member in an exclusive club of superintendents who retire and return to their same job or rotate to another school district after signing lucrative contracts.

An analysis by Ohio's eight largest newspapers found:

- One in four public school leaders in Ohio's 614 districts brings home the bacon twice and one in two educational service center superintendents is doing the same.

- Allowing superintendents to retire early halts their contributions into the fund and pulls millions of dollars out at a time when the fund's long-term viability is at

Please see **About 27%, A10**



Calfee

School chiefs get better deal than teachers

Superintendents obtain advantages instructors don't to improve financial prospects in retirement

By David Knox
Beacon Journal staff writer

One out of every four.

That's the number of superintendents drawing state pensions who have been rehired to work full time as chief executives of the state's more than 600 public school districts.

Surprised?

Tim Calfee isn't. He's one of them.

Calfee, superintendent of Ravenna schools since 2001, retired at age 57 on Friday, Aug. 1, 2008. The following Monday, he was back at his desk as head of the about 3,000-student district in Portage County.

He was rehired with a \$2,273

raise, bringing his salary to \$115,515.

Calfee could have waited to start collecting his pension, but the financial benefits offered by Ohio's State Teachers Retirement System (STRS) are almost impossible to turn down.

"I would be crazy if I hadn't have done it," he said.

That judgment is hard to dispute.

Calfee and other STRS members with 35 years of service are eligible for annual retirement benefits equal to nearly 90 percent of the average of their highest three years of earnings.

But Calfee and the other superintendents aren't like the

more than 400,000 teachers and other education workers, both retired and employed, covered by STRS. They are executives managing multimillion-dollar enterprises employing hundreds and dwarfing most private businesses in their communities.

As such, they have three advantages - unavailable to teach-

Please see **School, A11**

ANDREA LEVY/
Plain Dealer illustration

SINGLE DAD CHERISHES DECISION TO ADOPT
COMMUNITY, B1

Akron's Devo has 'Something for Everybody'
PREMIER, E1

In today's Beacon Journal:
Up to \$397 in coupons

Cycling star Lance Armstrong, 38, discusses what he's learned as a cancer survivor in today's issue of Parade magazine.



Yacht race infuriates Gulf folks

Bitter victims of oil spill feel slighted by BP exec

By Raphael Satter and Holbrook Mohr
Associated Press

EMPIRE, LA.: BP chief executive Tony Hayward took a day off Saturday to see his 52-foot yacht "Bob" compete in a glitzy race off England's shore, a leisure trip that further infuriated residents of the oil-stained Gulf Coast.

While Hayward's pricey ship whipped around the Isle of Wight on a good day for sailing - breezy and about 68 degrees - anger simmered on the steamy Gulf Coast, where crude has been washing in from the still-gushing spill.

"Man, that ain't right. None of us can even go out fishing, and he's at the yacht races," said Bobby Pitre, 33, who runs a tattoo shop in the crossroads town of Larose, La. "I wish we could get a day off from the oil, too."

BP spokespeople rushed to defend Hayward, who has drawn

Please see **Oil spill, A8**

Today's weather

Mostly sunny **84°** High
58° Low

Forecast, Page B8

Dear Abby E2	Horoscope F11
Betty Lin-Fisher . D1	Jumble F11
Books E3	Lottery B2
Business D1	Movies E8
Classified F1	Sheldon Ocker ... C9
Community B1	Premier E1
Crime Watch B4	Sports C1
Crossword E2	Sudoku E4
Deaths B5-7	Travel E6
Editorial A12	Video/TV E2

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LeBron heightens drama with late entrance to rally

James arrives after closing, but appreciation day is turned back on

ONLINE EXTRA

See a video and a gallery of photos with this story at Ohio.com.

By Jason Lloyd
Beacon Journal sports writer

The crystal trophy had been packed away, the band had stopped playing and the fans were slowly filing out of InfoCision Stadium on Saturday when everyone stopped in amazement.

LeBron James had arrived.

Those who remained hoped he wasn't there to say goodbye.

James stunned everyone - including Akron police and event or-

RUN AT GLORY

New York Knicks make sacrifices in effort to land LeBron James. **Page C1**

ganizers - by making a surprise appearance for the estimated gathering of about 4,000 at "LeBron Appreciation Day." He had apparently wanted to make a dramatic appearance as the rally, scheduled to last

Please see **James, A6**



PAUL TOPLE/Akron Beacon Journal

Kevin Metz (left) and Scott Tiffan are holding out hope and a flag to let LeBron James know how they feel during Saturday's LeBron appreciation day at InfoCision Stadium.



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SPECIAL REPORT: OHIO PENSION FUNDS

About 27% in top spot get pension, paycheck



Larry Morgan, 68, collects a pension from the State Teachers Retirement System and a paycheck as superintendent of the Stark County Educational Service Center. One in two educational service center superintendents in Ohio is doing the same.

Continued from Page A1

risk.

• Superintendents point out that the practice is legal and that it would be foolhardy not to take advantage of a pension system that permits them to retire and return to work.

• While many superintendents claim that this practice is justified because of a shortage of qualified candidates, the Ohio Department of Education says there are thousands of licensed individuals who meet state standards to run school districts.

• And this is part of a larger state issue. About 32,000 state and local employees collected more than \$1 billion in pension payouts last year on top of their paychecks. Three-fourths of those dollars went to STRS members.

Cutting deals

More than 150 (about 27 percent) of the state's 613 superintendents are collecting paychecks and pensions at the same time. The ratios are higher among the heads of the Educational Service Centers, the former county school districts that were merged in 1995 to create 56 support centers for local school districts.

For the past decade, a growing number of school chiefs have cut deals to retire, collect a lucrative public pension and return to work, often in the same job.

In a single weekend, these superintendents increase their earnings often by as much as 80 percent.

In many communities, school board members have told their residents that hiring a retiring superintendent saves money.

In the Gahanna-Jefferson Local School District just northeast of Columbus, the school board touted the savings in rehiring Superintendent Gregg E. Morris because his health insurance would be picked up by STRS.

In 2009, STRS acknowledged that paying health care for double dippers was too expensive and ended the practice, so Gahanna once again paid for Morris' health care.

Morris left Gahanna this year to become superintendent at Clark-Shawnee. He replaces Debbie Finkes, who was paid \$95,188 a year. Morris signed a three-year contract paying him \$110,000 annually.

Luci Gernot, Wood County Educational Service Center superintendent south of Toledo, retired after 28 years in 2007 from another school district. That provided her with about \$56,000 a year in pension benefits.

She is paid \$115,000 in her Educational Service Center job. Gernot said she could have gotten another job in any number of industries but decided to stay in education. Either way, she said, she's entitled to the pension benefit.

"It's something I've earned," she said. "I could have gotten a job doing pretty much anything."

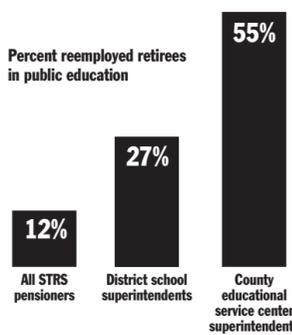
The deals between superintendents and their school boards have left some residents feeling betrayed.

In Cuyahoga County, William Zelei retired in 2005 as superintendent at South Euclid-Lyndhurst at age 56 with 23 years in public service.

He was making about

Retired superintendents much more likely to be still working

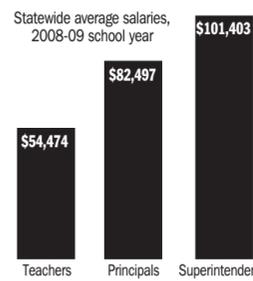
More than a quarter of Ohio's 614 district school superintendents are drawing full retirement benefits. So are more than half of the 56 county educational service center superintendents. In contrast, only about 12 percent of the total 122,000 retired members of the State Teachers Retirement System are still working in public education.



SOURCE: Akron Beacon Journal analysis of Ohio Department of Education and State Teachers Retirement System data.

Akron Beacon Journal

How salaries of educators compare



Source: Ohio Department of Education

Akron Beacon Journal

\$140,000 annually and came back to work in the same job with an agreement to be paid \$30,000 less a year.

After a levy passed in November 2008, the board agreed in February 2009 to extend Zelei's contract and residents believed he would receive no pay raise. After teacher contracts were settled with minimal raises, the board voted 3-2 that August to raise Zelei's salary 24 percent, or about \$32,000.

Residents packed the board meeting to protest the move that would pay Zelei \$164,077 by the 2011-12 school year.

Suddenly, he was the second-highest paid superintendent in the area and in his fourth year of collecting a pension at age 60.

Ohio criticized

It is difficult to put a price tag on the impact of these deals, but Ohio was criticized for spending more money on administration than classroom instruction by a Brookings/Greater Ohio Policy Study Center report released in February.

The study found Ohio ranks 47th among states for putting money into classrooms, but ninth in tax dollars spent on administration.

Brookings also reported that Ohio's share of spending on administration was 49 percent higher than the national average.

STRS has more working retirees than any of the five state pension systems and paid out \$741 million in 2009 to 15,857 retirees, with an average benefit of \$46,800. Before the 2000 law change, teachers had to wait 18 months to return to public service. The forfeiture period was reduced to two months, in line with other public employees.

Since then, STRS has seen an enormous growth in the number of double dippers, as teachers return to work on a

full- and part-time basis and as adjunct professors at universities.

In 2009, about 1,100 STRS members received on average \$67,000 in pension pay while making \$70,000 to \$100,000 in their post-retirement job at a school district.

There is an even more exclusive group of 299 STRS retirees who earn more than \$100,000 annually in their retirement while receiving a pension check of more than \$80,000 on average. Their number has grown from just 19 in 2000.

The Ohio newspaper analysis of double-dipping superintendents showed that, among those checked, most make more in salary than they did before retiring. They also sign contracts with perks that make them consistently among the highest-paid public-sector employees in the state.

For example, many districts not only give the superintendent a pay raise, but also pay both sides of the employer/employee contribution to the retiree's annuity to STRS. This, in effect, is a 10 percent pay increase on top of the base salary.

Districts also often pay the 1.45 percent of salary to Medicare as well as a car allowance, training and travel money, overtime for working holidays and any days not stipulated in the contract, plus insurance.

Quality of candidates

Why do they command these generous offers?

Forest Yocum retired in 2002 at age 56 from the Pickerington City School District before being hired as superintendent at Southwest Licking east of Columbus at \$132,000.

"The problem facing a school board is the number of people available," Yocum said. "There are not that many top-quality candidates."

Yocum and other superintendents said that there is a limited pool of qualified applicants trained, experienced and prepared to assume the demanding role of running a school district.

But the Ohio newspaper analysis found that there are thousands of licensed Ohioans available for the superintendent jobs. There also are potential out-of-state candidates and others currently working in education who could be groomed.

Scott Blake, an Ohio Department of Education spokesman, said 3,305 Ohioans are credentialed to be superintendents. An additional 1,204 are inactive.

Ten years ago, Mark Free-

man retired as superintendent at Shaker Heights near Cleveland. It would seem that a large number of educators would apply for a chance to run one of the most prestigious and envied public school districts in the state.

Freeman was making \$149,675 annually when he retired with a pension that was nearly 88.5 percent of his income.

Shaker Heights rehired Freeman without publicizing the opening or interviewing one other candidate.

He received a pay raise on his first day back on the job to \$156,546, to go along with the money from his public pension.

Deals like this led lawmakers in 2003 to require school boards to conduct a job search before rehiring recently retired superintendents.

Now, a district must post the job opening 60 days in advance, hold a public hearing on rehiring the superintendent to determine whether there is any opposition in the community and then vote publicly to rehire.

These rules have not stopped a small cadre of superintendents from continuing to monopolize the positions.

Jennifer Sinisgalli, Strongsville school board president, said her district received 25 or more applications when the superintendent's job was open in 2009. The district retained Jeffery Lampert, who had taken the job mid-school year on an interim basis in December 2008.

Lampert had retired eight years earlier from North Royalton and already was collecting a pension. He worked as an adjunct professor at Baldwin-Wallace College before returning as a superintendent to Brooklyn City schools in 2005, then was out of the business again when Strongsville came calling in late 2008.

Sinisgalli said Strongsville did a full job search with applicants from Georgia, Florida and other states, interviewed five or six candidates and ultimately decided to continue with Lampert.

She said complaints about a weak applicant pool were unfounded in her experience.

"I was quite surprised because I heard the same thing, that districts would have trouble finding qualified candidates. We had heard it, but we were thrilled with the response we had," Sinisgalli said.

Gary Burtless, a senior fellow at the Brookings Institute, has studied pension funds for 30 years.

He said there is nothing wrong with a school district rehiring a retired superintendent, but there should be a system in place to reassure the public that a thorough search was conducted to find the best candidate.

There are no statistics to explain how many qualified employees are waiting to ascend to a superintendent's job, but are held back because a double dipper is occupying the office.

But the clog factor exists at a time when school districts are laying off teachers and Ohio's unemployment rate hovers around 11 percent.

Consider Batavia Schools' departing superintendent, Bar-

Changes in benefits in the STRS

1968

Annual pension benefit improved based on years of service. Benefit is capped at 80 percent of average pay, although there is a bonus for working at least 45 years to age 70, allowing a maximum 85 percent by age 70.

1970

Automatic inflation adjustment instituted, granting 1.5 percent increase in benefits to retirees every year the Consumer Price Index exceeds 1.5 percent.

1971

Average pay for calculating pension benefit is changed from five final years to five highest-paid years. Benefits are improved based on years of service.

1973

Number of years required for normal retirement reduced from 35 to 32 years. Benefits improved: 32 years of service - 64 percent of average pay; 35 years of service - 70 percent of average pay; 40 years of service - 80 percent of average pay. Maximum benefit raised to 90 percent of final average pay, but must work beyond age 65. Comprehensive hospitalization, health care and medical insurance authorized for retirees.

1974

Final average salary for calculating pension benefits to be based on three highest-paid years rather than five.

Inflation adjustments ranging from 5 to 33 percent made to benefits currently paid to people who retired between 1951 and 1971.

1976

Service requirement for normal retirement reduced from 32 to 30 years regardless of age. Benefits improved for retirement after 25 years' service.

1979

Automatic cost-of-living adjustment changed from 2 to 3 percent per year.

1980

Annual bonus payment instituted to draw down excess pension fund profits, equal to a 13th monthly pension benefit.

1989

Maximum benefit raised to 100 percent of three highest years of pay from 90 percent. Formula changed to improve benefits for early retirement.

1996

Pension benefits revised for all current retirees to reflect actual changes in the cost of living, which ranged from 0.4 to 27.3 percent in any given year since 1951.

1997

Retirement benefits increased for each year of service beyond 30 years.

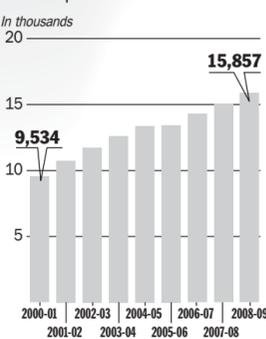
2000

To encourage teachers and other employees to stay longer, the legislature added a large jump in the formula, providing 88.5 percent of pay if work to 35 years. The change also reduced to 39 years the time needed to reach the maximum 100 percent benefit.

SOURCES: Ohio Retirement Study Council, Beacon Journal research. Additional information on changes in state pension benefits can be found at: http://www.orsc.org/uploadpdf/History_Benf_Changes.pdf

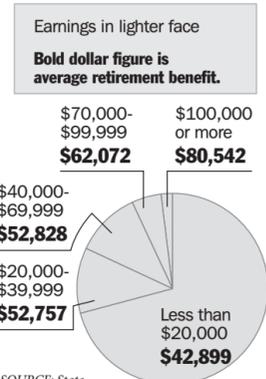
Ranks of rehired retirees growing...

The number of STRS retirees still working for public schools and other institutions in the system has climbed steadily in the past decade, from 9,534 in 2000-01 to 15,857 in 2008-09 - a 66 percent increase.



...most don't earn much

A large majority - more than 70 percent - are part-time workers, such as substitute teachers, earning less than \$20,000 a year. They receive pension benefits averaging \$42,899.

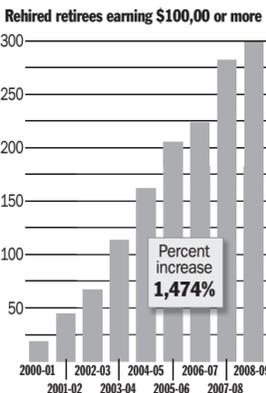


SOURCE: State Teachers Retirement System

Akron Beacon Journal

Number of retirees earning top dollar skyrockets

Superintendents and other high-paid employees earning at least \$100,000 make up less than 2 percent of all rehired retirees, but their numbers exploded from 19 in 2000-01 to 299 in 2008-09. In addition to the biggest paychecks, this group also gets the highest pension benefits - an average of \$80,542 a year.



SOURCE: State Teachers Retirement System

Akron Beacon Journal

Here's how superintendents were identified

While Ohio law prohibits the State Teachers Retirement System from releasing "any information identifying, by name and address, the amount of a monthly allowance or benefit paid to the individual," a mailing list of those receiving benefits is available.

That list was checked by Akron Beacon Journal reporter David Knox against the names of Ohio's more than 600 district and county school superintendents to identify those who are collecting STRS benefits.

The following reporters representing Ohio's eight largest newspapers confirmed their retirements and gathered additional information:

Akron Beacon Journal, Katie Byard and Knox; the Blade of Toledo, Christopher D. Kirkpatrick; Cincinnati Enquirer, Ben Fischer; Columbus Dispatch, Randy Ludlow; Dayton Daily News, Lou Grieco; the Plain Dealer of Cleveland, Patrick O'Donnell; Canton Repository, Melissa Griffy Seeton; and the Vindicator of Youngstown, Doug Livingston.

Please see Pension, A11

SPECIAL REPORT: OHIO PENSION FUNDS

School chiefs make an average of six figures

Continued from Page A1

ers and other STRS members – that dramatically improve their financial prospects in retirement:

- Superintendents are much more likely to be rehired full time while collecting retirement benefits.
- As independent contractors, they can negotiate perks and fringe benefits worth tens of thousands of dollars.
- Their salaries – on which retirement benefits are based – average six figures.

Superintendents contend their lucrative contracts are commensurate with the responsibilities of a tough job.

But that claim doesn't answer one tough question: Given their higher pay and other advantages, is it fair that superintendents' retirement benefits are calculated according to the same formula used for rank-and-file teachers and other education workers who earn so much less?

Higher earnings

The average teacher was paid about \$55,500 last year, according to state Department of Education records.

Superintendents of urban schools averaged more than twice that: \$118,066. The statewide average for all superintendents was \$101,400.

Those higher earnings directly translate into bigger monthly pension checks.

For example, when Calfee retired in 2008, he was eligible to receive \$95,130 annually, based on his average earnings of \$107,492 for the previous three years, multiplied by the "income replacement factor" of 88.5 percent.

To offset inflation, the benefit would be increased by 3 percent the following year and then by that same dollar amount each subsequent year.

The exact size of Calfee's monthly pension check isn't available because retirees can opt for a partial lump-sum payment, with reduced monthly benefits.

Calfee declined to explain the details of his pension package, saying, "My personal finances are not public records."

While Ohio law does make the records of individual retirees confidential, some statistics are available.

They show the vast majority of re-employed STRS retirees – more than 70 percent – work part time. They make less than \$20,000 a year and receive pension benefits averaging \$42,899.

"A lot of the people go back to be substitute teachers," said Laura Ecklar, spokesperson for STRS.

In contrast, superintendents and other high-paid employees pulling down \$100,000 and more make up less than 2 percent of all rehired retirees. But their numbers exploded in the past decade, from 19 in 2000-01 to 299 in 2008-09. In addition to the big-



Tim Calfee, superintendent of Ravenna schools, sits outside the new high school, which will open in August. Calfee retired in 2008, but then was rehired with a \$2,273 raise, bringing his salary to \$115,515. "I would be crazy if I hadn't have done it," he said.

gest paychecks, this group also got the highest pension benefits: an average of \$80,542 a year.

Fueling the upsurge was a 2000 change in Ohio law that spiked the retirement checks by 11.5 percent for those with 35 years of service.

The change was designed to encourage teachers to work five years beyond the minimum 30 years because of a feared teacher shortage. But STRS officials now say paying a premium to keep retirees on the job doesn't make sense when many cash-strapped districts are laying off teachers.

Teacher opportunities

Today's tight school budgets mean retired teachers have fewer opportunities to keep their jobs.

Ravenna, which has about 190 full-time teachers, is typical of districts across the state.

"A few years ago, I think we had five who were rehired and rehired," Calfee said. "Now we're down to three," two counselors and a music teacher.

Not only are they fewer in number, but they're also paid much less – about \$36,000, or about half of what they earned before retiring.

"They're on one-year contracts and they're on the first-year of the salary schedule," Calfee said.

"We used to rehire them right into their same positions, same responsibility and for the same pay. Now the teachers union contract limits them to one-year contracts at reduced pay."

The Ravenna teachers union pushed for the changes. It's a

statewide trend.

"They didn't want retired teachers to hold onto their jobs in case there were cutbacks – people getting laid off," Calfee said.

Ravenna hasn't laid off teachers, but Calfee said some jobs – fewer than 10 – have been eliminated through attrition.

But unlike teachers, superintendents who retire are still in demand.

Liberal state

The 2000 change in the law made it easier for school districts to keep superintendents on the job by eliminating an 18-month waiting period to return to work after retiring.

Calfee had to stay off the job for a single day.

Other states don't make it so easy.

"In some states, you can't work in the system you're retired from," Calfee said. "Some states absolutely ban it."

"Ohio may be the most liberal state in the country for their retired-rehire programs under STRS."

STRS makes it easier for members to reach the minimum years of service needed to retire by allowing members to get credit for years worked outside the system. They do that by retroactively paying the full cost of contributions – both employer and employer shares – plus accrued interest for those years.

Calfee was able to reach 35 years of service at age 57 by "buying" two years he taught in the South Pacific island nation of Papua New Guinea and a year at

a university in China.

Ohio law allows all STRS members "to purchase service credit for certain types of past employment and leaves of absence."

Superintendents have an added benefit available to few teachers: School districts "pick up" – that is, pay for – their 10 percent employee contribution to the pension fund, in addition to the employer's 14 percent share.

For a superintendent making \$100,000 or more a year, that's a benefit worth more than \$10,000.

Ravenna pays the pension contribution for all 22 administrators in the district, including principals and assistant principals. No teachers get that perk.

The pickup clause was included in Calfee's contract when Ravenna hired him in 2001. Since his retirement, the district pays the contributions to a second pension fund – a 401(k)-style annuity – that STRS provides re-employed retirees.

That has become the norm, according to a survey of 400 districts in the state's major urban and neighboring counties by the Ohio News Organization, a cooperative of the state's eight largest newspapers.

"Almost every superintendent has their employee's share picked up," Calfee said.

Ravenna also pays for Calfee's health insurance.

Joanne L. Newhauser, president of the Ravenna Board of Education, said covering his pension contribution and health care is the price school districts must pay to keep quality superintend-

ents such as Calfee.

"I'm sure if he wanted to leave Ravenna, somebody would jump at the chance to hire him because of what he has accomplished in his nine years here," she said.

Newhauser credited Calfee with leading the successful 2006 campaign for a \$16.1 million bond issue for a new high school and a 1.5-mill additional levy for permanent improvements.

"We had tried before to build a new high school," she said. "He has done a good job, and we need to keep him."

Providing superintendents generous pensions also can make economic sense as a form of deferred income, according to Anthony Webb, associate director of research at Boston College's Center for Retirement Research.

But that works only if superintendents "pay for" their better retirement benefits by agreeing to somewhat smaller salaries.

"By accepting lower earnings than they otherwise would have accepted in the absence of those pension benefits, nobody loses out," Webb said. "If the taxpayer is getting an absolute wonderful superintendent at a rock-bottom salary, then I really don't care if he has a big pension."

The Ohio News Organization survey found the median salary for retired superintendents was \$103,000, compared to \$110,000 for nonretired superintendents – about 6 percent less. But that finding might only reflect somewhat smaller raises for retirees. The survey found few superintendents who said they took a pay cut when rehired.

Pension

Health-care benefits enable early retirement

Continued from Page A10

bara Bradley. With school board permission, she engineered a retire-rehire arrangement as assistant superintendent in West Muskingum schools near Zanesville in 2004.

But in 2005, her boss, then-Superintendent Marvin Wurms, got a new five-year contract after he had "retired."

Bradley then had to move to Batavia to accomplish her professional goal of leading a school system.

Bradley said it's the nature of the game to move if one wants to be a superintendent, but there are numerous opportunities each year.

Double standards

There seem to be double standards.

In 2009, Massillon City Schools in Stark County adopted a policy that basically told administrators, not counting the double-dipping superintendent, that they could come back to work after retiring, but at 75 percent of their base salary.

In the Milford School District in Clermont County, Robert Farrell made \$136,000 this year after retiring in 2007 when he was 53 years old.

Farrell also receives a \$6,000 annual car allowance and a \$20,000 annuity paid by the district.

Teachers wishing to return to work at Milford do not fare as well. They are hired on a year-

to-year basis, cannot re-establish their tenure and must accept the equivalent salary of a fifth-year teacher, according to the school treasurer, Randy Seymour (also a double dipper).

This is not unusual. The Ohio newspaper analysis found numerous examples of double-dipping superintendents presiding over contracts with teachers that provided far fewer benefits to the classroom instructors.

In this decade, there have been several legislative efforts to address this issue, including a bill introduced in 2007 by former state Rep. Michelle Schneider, R-Madeira. She wanted a six-month waiting period, effectively banning the practice of a weekend retire-rehire in all state pension funds.

State Rep. Bruce Goodwin, R-Defiance, introduced legislation the same year to require double dippers to take a 40 percent pay cut before returning to work. The proposal was aimed at superintendents and top government administrators.

In both bills, the Legislative Service Commission, which provides fiscal and legal analysis to lawmakers, noted that its number crunchers could not determine whether double dipping cost taxpayers money, but they concluded that delaying retirement reduced STRS liabilities.

That's because STRS members who work beyond 35 years continue to contribute to the fund and its solvency.

On the other hand, superintendents who retire at 30 or 35 years halt their contributions into the general pension fund while possibly drawing down more than \$1 million before reaching age 65.

This runs counter to pension logic, which provides participants with higher income if they work longer – as does the Social Security System.

Job enablers

There are two early-retirement enablers.

Many superintendents would not retire as young as 52 without a guaranteed job.

Retirees still on job

Akron-Canton area superintendents who are collecting retirement benefits from the State Teachers Retirement System:

MEDINA COUNTY
Medina County Educational Service Center – William Koran.

PORTAGE COUNTY
Field – David Brobeck.
Southeast – Thomas Harrison.

James A. Garfield – Charles Klamer.
Waterloo – Robert Wolf.
Ravenna – Timothy Calfee.

STARK COUNTY
Jackson – Cheryl Haschak.
Northwest – William Stetler.
Stark County Educational Service Center – Larry Morgan.
Tuslaw – Alan Osler.

SUMMIT COUNTY
Coventry – Russell Chaboudy.
Hudson – Steven Farnsworth.
Norton – David Dunn.
Nordonia Hills – Wayne Blankenship.
Mogadore – Terry Byers.

WAYNE COUNTY
Chippewa – John Higgins.
Norwayne – Larry Acker.
Tri-County Educational Service Center – Eugene Linton.

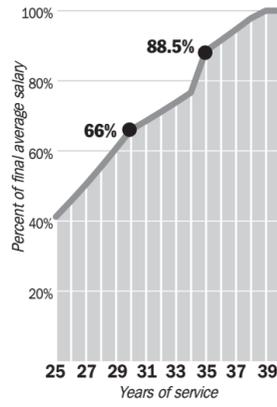
In addition, early retirement is possible because all five state pension systems provide health benefits. If this benefit were not available, retirees would have to wait until age 65 to retire with Medicare.

When the state legislature created STRS in 1920, health care was not part of the package. In 1973, STRS and the four other state pension plans convinced state lawmakers that they could afford to offer health care, but it is not a mandated benefit.

Before the stock market collapse in 2008, fund managers were warning that health care could not be continued in its current form. Then losses in the

How State Teachers Retirement System pensions are determined

Benefits are calculated as a percentage of the "final average salary," based on the three highest years of earnings. Full retirement benefits are afforded employees 55 and older with 25 years service and those with 30 years service regardless of age.



SOURCE: Ohio State Teachers Retirement System Akron Beacon Journal

markets hurt the pension accounts, too. STRS in particular found itself in a long-term solvency crisis.

All five pension plans want state lawmakers to tap taxpayers for more money by gradually increasing the contributions by a combined 5 percent of payroll from employees beginning in 2011 and employers in 2016. Five additional percentage points is effectively a 21 percent tax increase for the funds.

Long-term solution

STRS, as part of the long-term solution, wants lawmakers to require public employees to work at least 35 years or to age 60 and 30 years' service or face significant benefit cuts.

This comes a decade after STRS and the other funds had

too many employees were retiring after 30 years, placing a financial burden upon the system. As a solution, STRS in 2000 persuaded lawmakers to provide a generous 11.5 percent bump in benefits for those working to 35 years.

The plan was flawed because it also opened the door to thousands of teachers still retiring early. By 2004, in its annual report, STRS warned of trouble, and among the long-term causes were rising health costs, early retirements occurring at a rate faster than projected and the continuing trend of members living longer.

STRS wants to eliminate the 11.5 percent enhancement, which means an educator will have to work as many as 39 years to reach a similar payout. The plan also reduces from 3 percent to 2 percent the cost-of-living adjustment (COLA) – a provision that offers a sense of long-term security to retiring early.

STRS estimates that pushing retirement to 35 years and eliminating the 11.5 percent bump will each remove nearly \$1 billion from the \$40 billion in unfunded liabilities. The COLA reduction would be huge, cutting another \$8 billion.

All of these measures are designed to strongly encourage STRS members to pay into the system longer before they begin to withdraw funds in retirement.

But that fix understates the gravity of STRS' trouble. In 2006 – two years before the market crash – STRS called for the 5 percent increase in contributions for a different reason: To cover shortfalls in the health account.

Laura Ecklar, an STRS spokeswoman, said the proposal developed before the Great Recession would have generated \$500 million annually for the health fund.

Ecklar said STRS has dropped that proposal. The new plan addresses only pensions. "The board recognizes that a separate solution will be needed for the health-care fund. In fact, this fall, the board will begin a strategic planning process to evaluate its options for the

Furthermore, Webb said, the complexity of such tradeoffs in superintendents' contracts can hide their full price tag.

"The problem is that the true cost of the pension benefits is to some extent hidden from the taxpayer," he said.

Fringe benefits, such as cars or travel allowances, life insurance policies and additional annuities further obscure the bottom line, Webb said, as well as creating "opportunities for all kinds of corruption."

Calfee doesn't get fringe benefits beyond the pension contribution pickup and paid health coverage. But the father of two grown children and three grandchildren doesn't criticize superintendents who have bargained for additional perks.

As long as they play by the rules, he said.

The same goes for staying on the job after retirement.

"Retiring and being rehired is a legal, acceptable practice for STRS," he said. "That's why a number of superintendents are choosing to do it."

Question remains

But rules can be changed.

And the basic question of whether the same formula should be used to calculate the benefits of teachers and superintendents – despite the disparity in their incomes, fringe benefits and job opportunities – remains.

There's certainly precedent for doing it differently. Social Security, the retirement system most Americans pay into, doesn't treat all workers the same.

The percentage of income Social Security replaces varies widely, from as much as 60 percent for low-income wage earners to less than 30 percent for those with big paychecks, according to government figures. The average is about 40 percent.

Social Security – to which STRS members make no payments and receive no benefits – increasingly has become the sole source of income for retired Americans.

While the government stresses that Social Security isn't intended to be the only source of retirement income, the latest statistics show more than half of all workers don't have private pensions.

Calfee recognizes how much better his retirement package is.

How would he answer someone who complained, "I don't have anything near that good?"

Eight seconds passed in silence.

"I don't know," he said. "I'm blessed to be in a position where this retirement and rehire was available."

"That's all I can say."

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health-care fund," Ecklar said.

Ecklar acknowledged that delaying retirement eligibility would reduce health costs by shortening the time period before Medicare begins to provide coverage at age 65, but that's not good enough.

"Unfortunately, the health-care fund has only about 11 years of solvency left," she said. "Changing the retirement age is not the solution to the health-care fund's solvency. Pension fund solvency and health-care fund solvency are two separate issues that will require different solutions."

Pension's purpose

At the same time lawmakers and fund managers are examining plans to ensure the pensions are financially sound beyond the next 30 years, the question of the purpose of a retirement system is being asked.

Connie Yingling, a Mason school board member, voted to rehire Superintendent Kevin Bright after news spread in the community that he was a candidate for a top job at a district near Columbus.

Yingling said she believes a pension's purpose is to provide an income for employees after they stop working.

She said if the employee has fulfilled the retirement requirements set forth by the fund, then they are entitled to the money.

"If the rules allow someone to qualify for those benefits before they actually stop working, then you can debate the rules, but the original purpose still stands," Yingling said.

Former board member Jennifer Miller was the lone vote against hiring Bright as superintendent after he retired. She lost a bid for re-election last year.

Miller believes the rules should be reconsidered for collecting a pension while working. "I think that law probably needs to be reconsidered. I think too many administrators and teachers are taking advantage."

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