



Top Ten Myths About Collective Bargaining Reform and Senate Bill 5¹

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Myth #1: Senate Bill 5 (SB5) won't save taxpayers money.

Reality: Taxpayers will save roughly \$1.3 billion per year if local governments use the tools provided to them under SB5. Because some of the cost savings compound (i.e., the increases become part of the base salary each year), future yearly savings will be even greater than the initial \$1.3 billion estimate.

Myth #2: SB5 isn't about local budget deficits. It is an ideological war on teachers, firefighters, and police officers whose compensation packages are being falsely blamed for the deficits.

Reality: Local government spending – from counties and cities to school districts, townships, and villages – increasingly exceeds tax revenues. For example, as the attached chart shows, by 2015, Ohio's 613 school districts – based on their own projections – will run a massive deficit of \$7.6 billion. The only way to eliminate that collective deficit is to raise property taxes by nearly \$8 billion or reduce compensation packages. Using the fiscal projections of Ohio's 613 school districts, by 2015, 96 percent of all tax revenue collected will be spent on compensation packages. That leaves 4 percent of tax revenue for all other school district spending such as music and art programs, sports, and supplies. SB5 gives local governments the tools to reduce compensation packages to eliminate structural deficits.

Myth #3: Governor John Kasich's Proposed Budget is the cause of deficits.

Reality: Before Governor Kasich even won the election in November 2010, as illustrated by Ohio's school districts, local government spending exceeded tax revenues or was projected to exceed tax revenue in the next year or two. Government leaders – from mayors to county commissioners to school superintendents – who claim Governor Kasich's proposed budget is the cause of deficits are being dishonest and are using the state budget cuts to hide the fact that their spending already exceeds tax revenues or will in the near future.

Myth #4: SB5 will force teachers, firefighters, and police officers onto food stamps.

Reality: Hardly. The average salary for state government workers is \$50,189 and for local government workers is \$41,160. In 83 out of 88 counties, state government workers earn more than their private sector neighbors. In 69 out of 88 counties, local government workers earn more than their private sector neighbors. In addition, most government workers pay less than the private sector average of 23 percent for their health care premiums and receive sick pay benefits five times greater than their private sector neighbors. Taxpayers also pay between 14 percent and 34.5 percent of each government worker's salary for retirement, as private sector Ohioans receive roughly 10.2 percent (4 percent average employer 401(k) match plus 6.2 percent for the employer Social Security payment).

Myth #5: With collective bargaining, firefighters and police officers will be in greater danger.

Reality: The death and injury rates over the last decade for firefighters and police officers in states that don't allow government workers to collectively bargain is the same as states like Ohio that allow government workers to collectively bargain. Collective bargaining has *no impact* on the safety of our firefighters and police officers.

Myth #6: SB5 takes away the ability of government workers to collectively bargain.

Reality: SB5 preserves the ability of government workers to collectively bargain over wages and other key issues. SB5 merely restores taxpayers' rights to an efficient and effective government, something that neither the private sector nor government can do with Big Labor inserting itself into *every aspect* of the work environment. Government managers need the same flexibility to manage their workplaces as private sector managers possess. More importantly, SB5 protects the rights of government workers who choose not to join a union or pay dues to a union.

Myth #7: Politicians and government managers are ultimately responsible for bad contracts they enter into with Big Labor.

Reality: Unlike the private sector, there is no profit or loss motive in government that incents politicians and government managers to bargain aggressively. In fact, many politicians cut deals with Big Labor knowing they will be long gone before the bills come due. In some cases, Big Labor funds the campaigns of the very people against whom they will bargain, ensuring they get sweetheart deals from those who owe them. Ultimately, taxpayers are on the hook for bailing out bad deals with higher taxes. SB5's restoration of taxpayer rights will bring more accountability to Ohio government. Another critical element is SB5's requirement that governments publish the costs of labor contracts so taxpayers can get a truly transparent picture of the deals allegedly cut on their behalf.

Myth #8: Government workers earn step increases and longevity bonuses.

Reality: Step increases and longevity bonuses have *nothing* to do with performance or merit. Both step increases and longevity bonuses are paid simply because a worker stayed in government another year. In

most cases, government workers receive these expensive perks in addition to contracted salary increases. SB5 eliminates step increases and longevity bonuses and requires governments to focus on performance and merit.

Myth #9: SB5 leaves government workers unprotected from unscrupulous supervisors.

Reality: Just like private sector Ohioans, government workers receive the protection of many laws regardless of additional grievance protections they get with a union collective bargaining contract. The protections include civil service laws, discrimination laws, wage and hour laws, environmental laws, and other labor and employment laws. SB5 does not eliminate these basic legal protections.

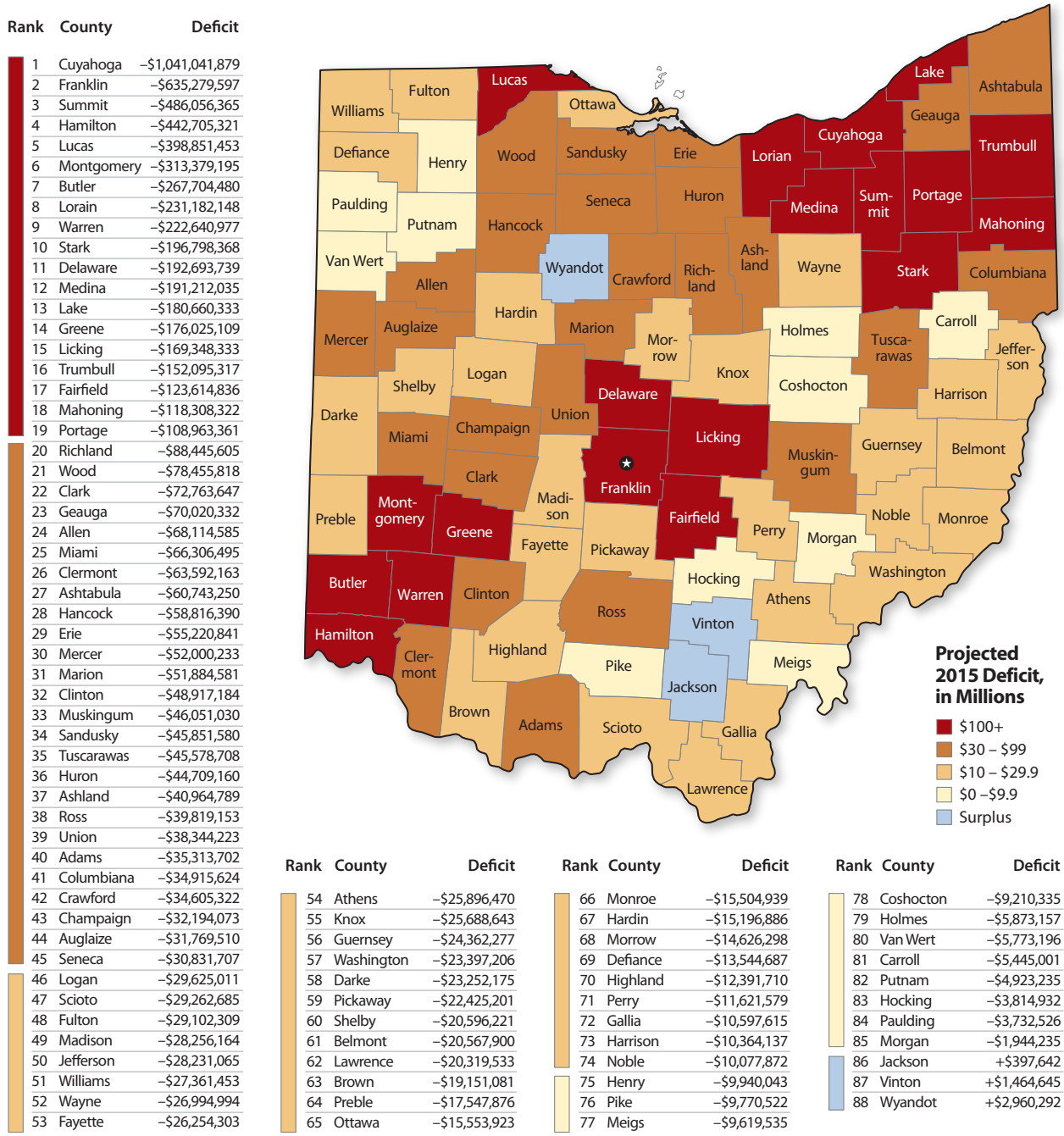
Myth #10: SB5 is a partisan Republican attack on unions.

Reality: Collective bargaining reform is happening all across America. From a Republican move in Ohio to a Democrat push in Massachusetts to a bipartisan effort in Illinois, reforming collective bargaining is one of the few ways government leaders can rein in gold-plated compensation packages, gain vital workplace efficiencies, and control their budgets. Collective bargaining reform is happening for one simple reason: states and localities can no longer afford to hand-over fiscal and operational control to Big Labor.

¹ The support for the statements made herein come from the following documents: Matt A. Mayer, "An Analysis of Senate Bill 5: Restoring Taxpayer Rights in the Public Workplace as Local Governments Seek Higher Taxes," The Buckeye Institute for Public Policy Solutions, May 5, 2011, at <http://www.buckeyeinstitute.org/uploads/files/An%20Analysis%20of%20Senate%20Bill%205.pdf>; Matt A. Mayer, "Six Principles for Fixing Ohio," The Buckeye Institute for Public Policy Solutions, February 2011, at [http://www.buckeyeinstitute.org/uploads/files/BUCKEYE-six-principles-fixing-ohio-1\(1\).pdf](http://www.buckeyeinstitute.org/uploads/files/BUCKEYE-six-principles-fixing-ohio-1(1).pdf); "Appendix to 'Six Principles for Fixing Ohio': School District Charts," The Buckeye Institute for Public Policy Solutions, February 2011, at <http://buckeyeinstitute.org/reports/school-districts>; Mary McCleary, "State of the State: Ohio's Weak Economy Struggles to Prop Up an Oversized Government," The Buckeye Institute for Public Policy Solutions, April 2011, at [http://www.buckeyeinstitute.org/uploads/files/2011StateoftheState\(1\).pdf](http://www.buckeyeinstitute.org/uploads/files/2011StateoftheState(1).pdf); Matthew Marlin, Jonathon Scott, and Kaitlyn Wolf (with Menu of Cost Savings by Matt Mayer), "The Grand Bargain is Dead: The Compensation of State Government Workers Far Exceeds Their Private-Sector Neighbors," The Buckeye Institute for Public Policy Solutions, July 2010, at [http://buckeyeinstitute.org/uploads/files/The%20Grand%20Bargain%20Is%20Dead\(1\).pdf](http://buckeyeinstitute.org/uploads/files/The%20Grand%20Bargain%20Is%20Dead(1).pdf); and Matt A. Mayer, "The Grand Bargain is Still Dead," The Buckeye Institute for Public Policy Solutions, December 31, 2010, at <http://www.buckeyeinstitute.org/uploads/files/The%20Grand%20Bargain%20Is%20Still%20Dead.pdf>.

Fact from Fiction: The Dire Fiscal Conditions of Our Schools

Prior to passage of Senate Bill 5 and Gov. John Kasich's proposed budget, nearly all of Ohio's school districts were projecting huge budget deficits. This map shows financial projections for 2015, aggregated by county, using data provided by the 613 school districts in October 2010. To see one-page data sheets on individual school districts, please visit the Buckeye Institute website at www.buckeyeinstitute.org/reports/school-districts.



Source: School district data provided for the Ohio Department of Education, at <http://fyf.oecn.k12.oh.us/ViewForecast>.