



\$CHOOLS IN CRISIS: MAKING ENDS MEET

Seniority-Based Layoffs Will Exacerbate Job Loss in Public Education

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RAPID RESPONSE

Nearly all state and many local budgets are in the red, suggesting looming cuts for K-12 public education. Education is a heavily labor-intensive endeavor, so that means jobs will have to be cut.

And that makes us all worried. Schools and districts don't want the fiscal chaos that comes with hacking away at their organization. Teachers and other staff don't want to lose their jobs or have their responsibilities shuffled around as others do. Parents don't want to see class sizes swell, programs disappear, and student performance jeopardized. And of course, none of us wants to see unemployment levels rise and the economic cycle worsen.

We all can see how this kind of bloodletting stems from forces far beyond school districts, but to stop there doesn't tell the whole story. District policies that decide layoffs on the basis of seniority make the problem worse.

Districts facing shortfalls try to avoid layoffs by imposing a hiring freeze, saving some money on unfilled positions that occur with voluntary attrition. Some offer retirement incentives to encourage more voluntary exits, and most trim what they can from their non-personnel budgets.

It's when all these efforts aren't enough that districts resort to pink slips to make ends meet. "Last-hired, first-fired" agreements mean that districts reduce their workforce by laying off the most junior personnel. Some experts (like Chait and Miller, 2009) have already issued important warnings about policies that ignore teacher effectiveness in making decisions about who stays and who goes. And for good reason, if what matters most is the student.

Yet these warnings miss another unfortunate consequence of seniority-based layoffs—namely that relying on seniority as the basis for layoffs exacerbates the number of

people that lose their jobs. Put simply, cutting the most junior personnel means reducing the workforce by larger percentages than implied by budget cuts.

Here’s how it works. When districts reduce head counts, they eliminate the most junior personnel in each job classification (teachers, aides, custodians, etc.). For each job classification, the most junior employees tend to be the lowest paid. Inevitably, the salaries of those laid off are lower than the district average. That means cutting, say, 5 percent of the junior personnel will reduce salary expenditures by less than 5 percent. Instead, more than 5 percent of the workforce will need to be cut in order to reduce salary expenditures by 5 percent.

To what extent do seniority-based layoffs exacerbate job loss?

With layoffs already a reality in some districts, this analysis attempts to determine just how many *more* people would lose their jobs because of seniority-based layoffs. The comparison used here is a “seniority-neutral” policy—meaning that job cuts are made at all salary levels.¹

This analysis models the number of layoffs needed to achieve a specified reduction in salary expenditures in an urban district under both the seniority-based policy and the seniority-neutral policy. Personnel were separated into their job classifications (teachers, aides, custodians, etc.) and rank-ordered according to their seniority. Next, the analysis examined how many full time equivalents (FTEs) would need to be cut from each category in order to eliminate a specified percentage of salary expenditures. The head counts for each percentage cut level in each category of personnel were summed to produce the results in table 1.

Table 1. “Seniority-based” layoffs result in more layoffs than do “seniority-neutral” policies

To reduce salary expenditures by:	Layoffs needed as a percent of workforce	
	Seniority-neutral layoffs	Seniority-based layoffs
1.0%	1.0%	1.6%
2.0%	2.0%	3.1%
3.0%	3.0%	4.6%
4.0%	4.0%	6.1%
5.0%	5.0%	7.5%
6.0%	6.0%	9.0%
7.0%	7.0%	10.4%
8.0%	8.0%	11.8%
9.0%	9.0%	13.0%
10.0%	10.0%	14.3%

As the table indicates, in order to achieve a 5 percent reduction in salary expenditures, a seniority-neutral policy would require the same percentage reduction in the

¹ Note that the comparison does not assume that there is no criterion for identifying those personnel to receive layoff notices. In fact, districts could make their decisions on the basis of job effectiveness, assignment (as might happen with school closures), etc.

workforce—namely a 5 percent reduction in total personnel. When using seniority as the basis for job cuts, to achieve the same reduction in salary expenditures, a district would need to layoff 7.5 percent of its personnel. Similarly, in order to reduce salary expenditures by 10 percent, applying seniority-based layoffs to this database would necessitate cutting 14.3 percent of personnel. Other districts should, of course, run their own figures to see if, in fact, this model holds with their current personnel mix.²

How many people are affected?

Nationally, how many people would lose their jobs as a result of the seniority policy alone? We can project the analysis in table 1 to the United States as a whole. NCES’s Digest of Education Statistics (Table 77) reports a total of 6,122,358 full time equivalent employees nationally in elementary and secondary public education, 3,136,921 (or 51.2 percent) of whom are teachers. Applying the figures in table 1 to these total counts, this analysis models both the total layoff estimates implied by the seniority-neutral and the seniority-based policies for each corresponding reduction in salary expenditures. Table 2 reports these estimates.

Table 2. Projected number of personnel to lose their jobs under seniority-neutral and seniority-based policies

To reduce salary expenditures by:	Projected public education jobs reduced nationally		
	Using seniority-neutral layoffs	Using seniority-based layoffs	Difference (extra layoffs attributed to seniority)
1.0%	63,274	98,642	35,367
2.0%	124,657	190,707	66,050
3.0%	186,049	282,773	96,724
4.0%	247,586	374,838	127,252
5.0%	305,670	460,328	154,658
6.0%	369,657	552,393	182,736
7.0%	429,888	637,883	207,995
8.0%	492,459	723,372	230,913
9.0%	549,282	795,709	246,427
10.0%	612,256	874,623	262,367

As table 2 indicates, if budget cuts forced the need for layoffs to reduce salary expenditures by, say, 5 percent, some 305,670 personnel would be eliminated if districts used seniority-neutral layoffs, compared with 460,328 employees if seniority was the basis for job cuts. As the fourth column indicates, 154,658 extra people would lose their jobs due to seniority-based layoffs. Of those 154,658, almost 80,000 would be teachers.

² An important caveat is that in practice, districts will undoubtedly reduce expenditures in part via voluntary attrition (with retirements, etc.). The figures in table 1 refer only to the portion of salary reductions sought directly through layoffs. In other words, the desired reductions in salary expenditures (in the first column) are that share sought only via layoffs (i.e., after attrition).

Seniority-based layoffs exacerbate job loss. For teachers and other K-12 employees, that means more will lose their jobs than if cuts were made on some other basis. It also means that schools will be left with even fewer employees to do the job. Kids will see their classes get even bigger, and even more programs will be cut than would be otherwise. And lastly, our national unemployment rates will rise even faster than the budget cuts would suggest. We should all worry.

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