

Teacher Leave Audit

Reduce leave and decrease costs

March 2005



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MEMORANDUM

To: Robert McKean, Superintendent, Centennial School District
Bob Dunton, Superintendent, Corbett School District
Barbara Rommel, Superintendent, David Douglas School District
Ken Noah, Superintendent, Gresham-Barlow School District
Michael Taylor, Superintendent, Parkrose School District
Vicki Phillips, Superintendent, Portland Public Schools
Terry Kneisler, Superintendent, Reynolds School District
Thomas Hagerman, Superintendent, Riverdale School District

From: Gary Blackmer, Portland City Auditor
Suzanne Flynn, Multnomah County Auditor

Date: March 1, 2005

Subject: Teacher Leave Audit

The attached report covers our audit of teacher leave. The audit was included in the FY04-05 schedule of school district audits funded by the County Personal Income Tax.

Good management of leave requires a balance between maximizing productivity and ensuring that employees can take time off when necessary. When a teacher is absent, a substitute must generally be hired for the classroom, thereby increasing the cost of education and interrupting learning. We compared the use of leave in each district to other Oregon public sector employees adjusting for differences in the work year. We found that teacher sick leave was higher than expected. Further, we found that districts generally lacked coordinated systems to manage teacher attendance. Based on these findings, we concluded that districts could save money on substitute teachers and improve continuity in classroom instruction by reducing teacher leave.

We chose to audit this topic because personnel costs comprise about 85% of each school district's budget, and even small improvements can produce significant savings. Nonetheless, the savings are far from sufficient to address the shortfall that would result from the Governor's proposed education budget for the coming fiscal year. Based upon our reviews so far, it is likely that our audits will find more small improvements, though they will never be sufficient to address Oregon's school funding challenges.

Cc: SEAC

Audit Team:
LaVonne Griffin-Valade, Senior Management Auditor
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Table of Contents

Background	1
Scope and Methodology	2
Results	3
Teacher leave was higher than expected	3
Districts can reduce spending on substitute teachers	4
Reducing teacher absences can improve learning	5
Districts lack coordinated management of teacher attendance	5
Districts did not use available data effectively	6
Monitoring by principals is inconsistent	6
Better management of teacher attendance is needed	7
Recommendations	9
Reponses to the Audit	10
Portland Public Schools	11

Background

Teachers play a central role in education by providing instruction and guidance to students. When a teacher is absent, a substitute must generally be hired for the classroom, thereby increasing the cost of education and interrupting learning. At the same time, it is also important to ensure that teachers can take time off when necessary. Districts can effectively manage teacher leave by balancing the need to have teachers in their classrooms with legitimate requests for leave.

Teachers may be absent from the classroom for a variety of reasons, including personal or family illness, emergency leave, professional development, training, planning time, bereavement, jury duty, military leave, work-related leave. Specific types of leave are outlined in labor agreements and differ somewhat from district to district. State statute requires districts to offer teachers 10 days of sick leave per year with unlimited accumulation and transferability among districts.

Each district manages substitutes differently. The Centennial, Parkrose, and Reynolds school districts contract with the Multnomah Education Service District (MESD) to provide substitutes. This service provides a phone-in system for teachers to report an absence and makes automatic calls to substitutes with offers for teaching jobs. The David Douglas School District uses the MESD's system for all grade levels except its high school, which maintains a substitute pool and makes its own calls for substitutes. Portland and Gresham-Barlow both administer their own phone-in substitute systems, rather than contracting with the MESD.

Substitute teachers must be licensed to teach in Oregon, but may not be as effective as regular classroom teachers. They are paid by the full or half-day at approximately 85% of the starting rate for regular teachers with a bachelor's degree in the district, \$134.42 per day for most Multnomah County districts. After 10 consecutive days of work, the pay rate for substitute teachers increases by 18% - 31%, depending on the district. Among the six Multnomah County school districts we examined, substitutes' salaries accounted for approximately 1.2% of their total operating budgets, or \$8.8 million in fiscal year 2003-04. Portland's substitute teachers are represented by a collective bargaining unit and can receive health care insurance after working the equivalent of at least 44 full days in the previous semester. These costs are in addition to expenditures on salaries.

Scope and Methodology

The purpose of this audit was to determine whether districts in Multnomah County could save money on spending for substitute teachers. Six of the districts in Multnomah County were included: Centennial, David Douglas, Gresham-Barlow, Parkrose, Portland, and Reynolds. The Corbett and Riverdale school districts were excluded from our analysis due to their small size. Spending, staffing, and absence data from the 2002-03 and 2003-04 school years were used, and leave rates for the two years were averaged unless otherwise noted.

We analyzed teacher absence and substitute use data from the MESD's substitute system for the Centennial, David Douglas, Parkrose, and Reynolds school districts. David Douglas provided us with absence and substitute data for its high school from its own records. We received similar data from Portland and Gresham-Barlow, but only for 2003-04.

Because the level of grant support in a district for specific professional development activities can fluctuate from year to year, we adjusted leave figures to eliminate these grant activities. The purpose of this reduction was to show the general level of teacher leave without penalizing a district for its receipt of grant funds to improve teaching and learning. We could not directly associate particular leave days with grant activity, so the recalculated leave totals are estimates based on the percent of expenditures on substitutes that came from general funds.

In addition to spending, staffing, teacher leave, and substitute use data, we reviewed best practices and research on teacher leave and substitute use and interviewed human resources managers and staff in each of the six districts.

This audit was included in our FY04-05 audit schedule for school districts receiving the Multnomah County temporary income tax and was conducted in accordance with generally accepted government auditing standards.

Audit Results

We found that districts could decrease the number of teacher absences, reduce expenditures for substitute teachers, and create a more stable learning environment for students. Districts could better track, analyze, and monitor teacher leave and substitute use so that all possible resources go toward regular classroom instruction. They could also develop a better means of consistently responding to absence problems and consider incentive programs to reduce absences.

District administrators cited a number of constraints to decreasing teacher leave. Among these were the rights of teachers to take leave as outlined in labor agreements, long-term leave under the Family Medical Leave Act (FMLA), and the tension between supporting and managing teachers. However, we believe that even within these constraints, each district could more effectively control teacher absences, particularly short-term sick and personal leave. Some districts reviewed during our audit have stronger management systems in place than others, but all could improve.

At a time when districts are being asked to demonstrate greater accountability and cost savings, management of teacher leave and substitute use is one area where improvement and savings may be achieved in a relatively short period. Our audit findings suggest that reducing teacher absences would result in savings.

Teacher leave was higher than expected

We analyzed teacher leave rates for each district and compared these to each other, to other Oregon public sector employees, and to what research in the field indicates the average or expected number of leave days should be. Although it was difficult to obtain comparable data for each district, we have confidence that our conclusions are valid. Our analysis showed a range from a low of 8.2 days to a high of 12.1 days in the average number of leave days per teacher for all absence types.

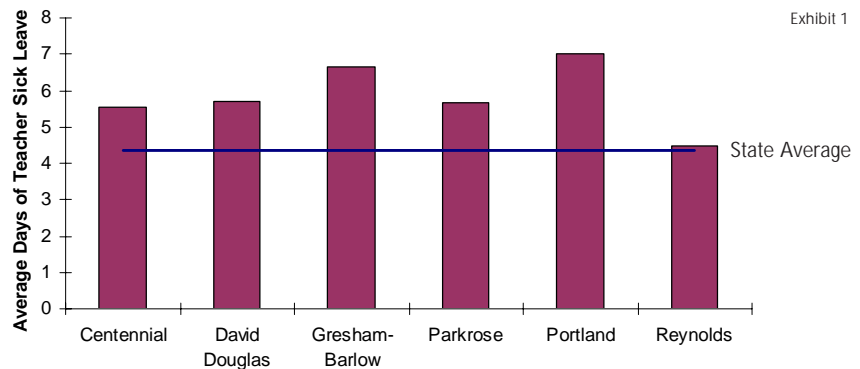
There were also differences in the number of sick leave, personal/emergency leave, and other leave types across districts. The range for sick leave per teacher was 4.5 days to 7.0 days, and personal/emergency leave ranged between averages of less than a day to 3.17 days. Because districts classify professional development activities differently, we were not able to explicitly analyze these.

Sick and personal leave are more readily comparable than the other leave types for each district. Our analysis showed higher sick leave

rates in some districts than in others. We believe these types of leave are also more easily influenced by district policy and school culture, and therefore offer the best opportunities for improvement.

A recent audit of employees of the state of Oregon showed that, on average, 2.3 hours of sick leave per 100 hours of paid work were taken. Adjusted for teachers' 190 day work year, this equates to an expected average of 4.37 sick leave days used per school year per teacher. Each of the districts we examined was above this average. The absence rate for the state of Oregon was higher than for other similar employees nationally, so comparing Multnomah County teachers leave to the national public sector average would produce even larger differences.

Teacher sick leave use vs. state employees average



*Note: The chart above reflects sick leave and employee data that come from a number of different sources, therefore data may not be 100% comparable from district to district and caution should be used in making such comparisons. Data for Gresham-Barlow School District and Portland Public Schools were available for FY2004 only. All other districts' figures are based on average number of FTE for FY2003 and FY2004.

Districts can reduce spending on substitute teachers

Districts vary considerably in their teacher leave rates, particularly in the use of sick and personal/emergency leave. This suggests that there are opportunities for reductions in these areas if appropriate steps are taken to improve management, oversight, incentives, and expectations of teacher attendance. We believe that an overall reduction of at least one to two days per teacher in most districts is a feasible goal.

To demonstrate the potential financial effect of leave reduction, we calculated the minimum expected savings per district if the overall average leave was reduced by the amount necessary to bring its leave to the state average. We found that approximately \$1.4 million could be saved across county districts. This estimate is based on the rate of pay for substitutes on the first day of their assignment and does not include benefits, administration, or increased rates for extended-length assignments. Real savings would most likely be higher. Additionally, this estimate assumes that a substitute is used for each day of teacher leave taken.

Estimated savings from reducing teacher absences to target level

	Days over target	Substitute salary per day	Total savings
Centennial	1.19	\$134.42	\$46,868
David Douglas	1.32	\$134.42	\$78,093
Gresham-Barlow	2.27	\$134.42	\$173,269
Parkrose	1.30	\$134.42	\$30,510
Portland	2.64	\$136.58	\$1,018,851
Reynolds	.12	\$134.42	\$9,743
TOTAL			\$1,357,335

*Note: The above chart is an estimate only. We were not able to verify that each district counted teachers in the same way. For example, the totals for each district above may include licensed staff who would not require a substitute in the event of their absence. Data for Gresham-Barlow School District and Portland Public Schools were available for FY2004 only. All other districts' figures are based on average number of FTE for FY2003 and FY2004.

Reducing teacher absences can improve learning

The time regular teachers spend out of the classroom undermines instructional consistency and student learning, even where high quality substitutes are available. Further, studies indicate that high teacher absence rates can affect student achievement and contribute to overall school morale. Substitute teachers are generally less effective than regularly assigned teachers because they spend short periods of time in the classroom and may not have strong instructional skills. Additionally, discipline problems may increase and students may suffer from lack of continuity in their instruction and curriculum when teachers are too frequently absent.

Many teacher absences are unavoidable, but the rate of absence in a school and throughout a district is manageable. We found districts had most of the tools necessary to improve their management of teacher attendance without a major overhaul of their systems. First, districts must recognize that a coordinated teacher attendance management plan has the potential to benefit students, as well as bring savings.

Districts lack coordinated management of teacher attendance

Maintaining a balance between maximum instructional time and an acceptable level of leave can prove difficult for principals and district administrators. In large part, they rely on their teaching professionals to be absent only when required. There are inherent weaknesses in this approach. Districts may fail to recognize problems and to take action to reduce teacher absences and the resulting expenses. We found that districts lacked consistent and effective guidelines for addressing teacher attendance concerns. Generally, management and monitoring efforts were not proactive, but were carried out in reaction to specific problems. Also, important measures – such as clarification of attendance expectations – were not in place to prevent problems from occurring.

There was also a lack of clarity over responsibilities of principals and those of the central human resources function. According to some district managers, many principals believed it was the role of central office to oversee leave, while other district administrators relied on principals to handle teacher attendance issues. In all cases, district administrators were prepared to respond to attendance concerns or to act as consultants to principals who were dealing with problem employees, but clear lines of accountability were not in place.

Some district managers perceived that their ability to manage leave was limited by their collective bargaining agreements. Although these perceptions may have some merit, without a comprehensive system to manage and monitor teacher attendance and substitute use, districts can do little to identify problems or improve cost controls in the bargaining process.

Districts did not use available data effectively

District management assumed that there were few problems with abuse of leave in their districts. They tended to believe that most principals were doing their best to monitor teacher attendance. But in most cases, management had no direct information on which to base those assumptions. Although teacher leave data were available to most districts, rarely were those data summarized or used to analyze teacher attendance. Often, such data were only used during teacher contract negotiations or in response to a problem. We found the following with regard to use of data:

- One district developed annual leave reports from substitute system data
- One district performed limited tracking of leave usage data
- Four districts did not use or rarely used available data to review absences
- Two districts did not maintain leave information in a format conducive to routine analysis

Absence data were readily available to principals in most districts, usually through daily or monthly reports specific to the building, or because school staff generated information. One district did not provide data to principals unless there was a concern about abuse of leave. This district also had difficulty extracting the data. For the most part, data were not regularly summarized or used in management decisions. Generally, leave data were not integrated with other information about substitute use patterns and costs.

Monitoring by principals is inconsistent

District management reported that there was inconsistency among principals' monitoring of teacher attendance - some were diligent and comfortable talking with staff when there was a concern, others were not. One manager suggested that a leave use problem would need to be severe before some principals would be compelled to resolve it, in part

because working on teacher performance is a time-consuming process. It was also noted that the task of managing teacher leave was likely to be low on a principal's list of priorities. We found no tangible motivation for principals, teachers, or district managers to do a better job of controlling leave. For example, principals are not held directly accountable for the cost of hiring substitutes in their buildings. However, district management suggested that principals could be motivated to monitor teacher attendance because of intrinsic factors important to their school communities. Some possible motivators identified by management included:

- Principals worry about parent complaints or peer pressure from other staff (particularly in team teaching situations)
- Principals are held accountable for student achievement, and teacher absences impact that
- Principals are forced to take some responsibility for managing teacher attendance when data are provided to them
- Principals authorize some leave requests, and they have to be able to demonstrate to district management that those authorizations follow policy

Better management
of teacher
attendance is
needed

Best practices literature suggests that an effective teacher attendance management plan contains several components for success, including these basic steps:

1. District personnel should develop clear teacher attendance norms and expectations.
2. When patterns of absence exceed norms, designated personnel should initiate a review and take additional action if necessary.
3. Absence data should be analyzed and regularly reported at the building level and district-wide.

Implementation of a management plan with the components listed above would establish a clear message from district leadership about the importance of having regular teachers in their classrooms. It would facilitate the exchange of data between teacher leave tracking, payroll, and substitute deployment and tracking systems, and allow districts to analyze trends and expenditures in a comprehensive and coordinated way. Finally, it would create multiple levels of accountability. The following framework, based on research, demonstrates a strategy for coordinated management of teacher leave and substitute use.

Coordinated management of
 teacher leave and substitute use

<i>District Management Responsibilities</i>	<i>Building Level Responsibilities</i>	<i>Sub System Responsibilities</i>
Provide direction and feedback to principals and teachers based on the attendance policies determined by district leadership (board and superintendent) <ul style="list-style-type: none"> ▪ Clarify policies and expectations ▪ Respond in a timely way to problems Collect, track, and analyze teacher leave and substitute use <ul style="list-style-type: none"> ▪ Review for differences among schools ▪ Review for district-wide trends and anomalies Track expenditures on substitute use Determine the potential for cost savings through reductions in teacher leave, and consequently, substitute use	Principals model and enforce expected behaviors and manage staff effectively <ul style="list-style-type: none"> ▪ Convey district attendance expectations ▪ Regularly review data ▪ Resolve any attendance problems immediately To increase accountability, principals are the first contact for resolving problems Building staff track attendance and feed information back to the principal and district administrators <ul style="list-style-type: none"> ▪ All leave requests cleared first at the building level, including sick leave notification 	Substitute system coordinators track substitute deployment and use <ul style="list-style-type: none"> ▪ Register substitutes, determine credentials, and provide orientation ▪ Ensure data quality ▪ Prepare timely reports for principals and district administrators

Studies indicate that teacher attendance can be impacted by stress and morale. As district officials work to improve their management of teacher leave and substitute use, we recommend they consider these and other underlying causes in their district and within individual schools. Addressing these factors is also important in developing successful attendance management plans.

Our research found that a number of incentive and reward plans have been effective at reducing absences, and strengthening attendance norms and expectations. Not all incentive programs have sustained long-term success and some have actually had negative effects on attendance. However, we believe they can be a viable option for districts to consider, but only as an element of comprehensive and coordinated attendance management.

Incentive programs appear to work best when they are meaningful to and rewarding for the individuals toward whom they are directed. If possible, incentives should be set up to avoid unwanted behaviors (e.g. teachers coming to work ill) or backlash (e.g. teachers with a history of good attendance finding the incentives to be demeaning). Literature suggests that effective incentives are most appropriately determined by the administrators and teachers in a district.

Recommendations

We recommend that districts reduce average annual teacher leave to decrease costs and improve instruction. To do so, districts should improve their management of teacher leave and substitute use by implementing the following:

- I. District leaders should establish, communicate, and enforce a leave policy that clarifies expected teacher attendance behavior.
- II. Coordination and management of teacher leave and substitute use should be the responsibility of a district-wide manager.
- III. Primary responsibility for monitoring and direct management of teacher attendance and leave should be placed at the building level.
- IV. Absence data should be compiled regularly and analyzed to track patterns of absence at the building level and district-wide.
- V. Districts should consider adopting incentive and reward systems as a component of attendance management plans.

Responses to the audit



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February 25, 2005

Portland Public Schools (“PPS”) thanks Suzanne Flynn and the Multnomah County auditors, especially Sarah Landis and LaVonne Griffin-Valade, for their efforts in gathering and analyzing the data on teacher leaves. The challenge, as this audit report notes, is to effectively manage teacher leaves by balancing the need for teachers to consistently and reliably be in their classrooms with legitimate requests for leave.

PPS will be forming a cross-functional workgroup made up of teachers, principals, human resources, and management to develop a two-pronged approach to this important issue. They will be charged to provide their preliminary findings by the end of the school year.

1. What short term tracking and incentives can be implemented relatively soon, with current systems, staffing, and pending additional budget cuts?
2. What investment in additional tracking systems and personnel can be cost justified and proposed to the Superintendent for approval?

Near Term Considerations

PPS knows that what gets measured gets improved. Even though readily available data is rather incomplete, communicating what we do know may provide incentive for changes in behavior. Issuing regular monthly reports would at the minimum show the patterns and trends. To that end, the following action steps are under consideration for effecting improvements within current staffing and fiscal constraints:

- Form a cross-functional team of people representing human resources, payroll, finance and information technology to identify the best sources for data that is readily available and how it might be compiled and reported on a regular basis.
- Design a monthly report showing teacher absences by day and by school.
- Develop a communication methodology for providing principals and teachers with both their own data and the school-by-school comparative data.
- Provide a feedback mechanism, so principals and teachers can respond to what the reported data may indicate and make suggestions about ways to improve the quality and integrity of the data.

Longer Term Considerations

A comprehensive system to manage and monitor teacher absences and substitute use could best be developed with an automated time-keeping system. District employees currently report time on paper time documents. Up to 18,000 time documents a month are entered into the payroll system. An on-line time reporting system would facilitate analysis of teacher absences and enable tracking of substitute use by linking the substitute with the teacher. The following steps should be initiated to address the longer-term considerations:

Cost-Benefit Analysis: The audit report suggests that the average days of sick leave for teachers may be reduced by 2.64 days through better management, which would save an estimated \$1,018,851. If successful, this would represent a 38% reduction in the average days of sick leave. The potential uncertainty of achieving such an aggressive target needs to be weighed within the District's current financial climate. Better data would enable further analysis to determine where it would be best for the District to put its efforts. Preliminary estimates indicate implementation costs of up to \$500,000 for an on-line time-keeping system.

- Collaboration with the Teachers' Union: The District and the Portland Association of Teachers should work together to develop clearer teacher attendance norms and expectations. Certain changes in managing leaves may be considered a change in employment terms and therefore require collective bargaining.
- Additional Benefits of Improved Tracking Systems: The availability of more comprehensive and complete data would allow for even further in-depth analysis of related and important questions. For example, is there a correlation between the use of substitute teachers and student achievement levels?

Portland Public Schools mission is to support all students in achieving their very highest educational and personal potential, to inspire in them enduring love for learning, and to prepare them to contribute as citizens of a diverse, multicultural and international community. A critical component of achieving this mission is to allocate resources first to the classroom. We are constantly exploring ways to improve efficiency and effectiveness. The suggestions in the audit report are helpful in reaching our goal of accountability.