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Rehiring the Retired: An Examination of Double Dipping in Public School Districts

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Abstract

This study provides a data analysis to identify the prevalence of double dipping in the New York State education system. Pension data, earnings in retirement, and hand-collected governance data are used in the statistical analyses. Collectively, and to our knowledge, these data sources have not been used in prior school district research. Findings from the univariate and cross-sectional analyses used to explore the association between school-board governance characteristics and double dipping suggest that the presence of budget committees, superintendent tenure, and school-board size may impact decisions to rehire retirees. This research contributes to the extant literature by providing the first comprehensive study of the economic impact of double dipping. School district administrators and state regulators may find the analysis helpful for evaluating decisions to hire recent retirees to fill school district vacancies and for evaluating policy implications to preserve the integrity of government pension plans.

INTRODUCTION

This study provides a data analysis to identify the prevalence of double dipping among certified staff in school districts in the New York State (NYS) education system, which includes teachers and superintendents of education. Relationships between double dipping and governance characteristics are also examined.

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Double dipping occurs when a public-sector employee is simultaneously receiving a retirement pension and actively working and drawing a salary funded from the same system, or in some cases, the same employer within that system. Double dippers retire to receive their pensions and are then rehired, sometimes after only a short waiting period, and paid a salary, resulting in the retired employee receiving double pay. This employment scenario may be interpreted as taxpayers paying twice for the services of the same individual. In spite of this view, double dipping is legal and is a common practice among public-sector employees. We explore the prevalence of double dipping and the pros and cons associated with this practice.

The pension data used in this study covers the years 2008 through 2013 and was collected using publicly available data. Survey instruments and information through FOIL requests from school districts were used to obtain school district governance characteristics that existed at June 30, 2010. Univariate and cross-sectional regression tests were used to determine whether the presence of governance characteristics is associated with the use of long-tenured temporary employees in New York State.

This paper contributes to the literature as the first study to report and analyze the economic effects of double dipping in NYS, to the best of the authors' knowledge. Specifically, we evaluate the following research questions:

1. To what extent are school districts in NYS engaging in the practice of double dipping?
2. What relationships exist between the number and cost of double dipping events and governance characteristics of school district boards of education in NYS?

The results show that employment positions assumed by retirees appear to be long term, and the rehired retirees earned significant compensation while simultaneously collecting pension benefits from the same employer, New York State. Further, school district governance characteristics, such as tenure of the superintendents of education and of business and budget committee oversight, do matter with respect to retiree earnings.

The paper is organized as follows:

- Background
- Research Methodology
- Results of the Statistical Analysis
- Summary and Conclusions

BACKGROUND

Double Dipping

The practice of double dipping is a widespread, national phenomenon. A retired school superintendent in Illinois who serves as president of a public boarding school receives a combined $410,000 each year in pension payments ($184,000) and salary ($225,900). In a Michigan school district, 10 administrators retired, started drawing pension checks and immediately returned to work as contract employees. The executive director at a state agency in Texas is receiving a $123,000 annual salary while receiving a government pension for the past eight years (Associated Press, 2011). According to *USA Today* (December 3, 2009), states identified thousands of double dippers at the same time the nation's state and local retirement systems lost about $800 billion (Heath, 2009). The *Seattle Times* reported on two top employees who had "retired" for a mandatory 30-day waiting period and then immediately returned to work. Their desks were never cleaned out and their positions were not advertised, suggesting there was never any intention of retiring. Upon rehire, both employees were collecting sizable pensions in addition to their $100,000 annual salaries (Sostek, 2003).

These are just a few examples of the state and public school employees across the country who are double dipping, drawing taxpayer-funded paychecks along with their pensions. At least 66,000 of these double dippers are in five states alone, California, New York, Texas, Florida, and Michigan. Data reviewed by the Associated Press revealed that, in 2010, more than 11,100 school retirees in Michigan simultaneously received pension payments totaling $227 million and salaries totaling $71 million, and double dipping continued to be pervasive even after a law limiting the practice took effect in July 2010. More than 12,500 workers in government or public education jobs in Florida received pensions totaling nearly $232 million in addition to their annual salaries. In Texas, more than 6,100 state government employees were receiving salaries, plus $145 million in pensions. Double dippers comprised about 10 percent of the employees in four Texas state agencies (Associated Press, 2011). One additional example from New Jersey includes a superintendent of education, who after retiring at age 56, held 23 jobs as an interim superintendent at public school districts in eight different counties, drawing six-figure salaries from taxpayers along with $1.4 million in state pension checks (Lagerkvist, 2013).

This study addresses double dipping in one segment of local government, school districts, and focuses on data from NYS and Long Island (LI). The primary and secondary education systems in LI are funded through property taxes paid by homeowners and businesses, and LI property taxes are among the highest in the country.[1] Nassau County, one of two counties that comprise LI, is ranked second of the 3,143 counties in the United States based on median property taxes. The median annual property tax in Nassau County is $8,711 for a home worth the median value of $487,900. The average property tax paid by Nassau County residents represents approximately 8.26 percent of their annual or yearly income (see http://www.tax-rates.org/new_york/nassau_county_property_tax).

The magnitude of taxpayer dollars involved underpins the importance of examining double dipping. We focus this study on certified staff because most double dippers come from this category of employees as it requires the highest level of skill sets and thus absent skill sets when these school district professionals retire. Certified staff not only includes teachers, but also the superintendent of education, who serves as the "CEO" of a school district.[2]

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[1]Approximately two-thirds of property tax bills represent public school taxes.

[2]As an example of that skill set, in NYS to be certified staff requires a series of examinations for certification. The tests measure knowledge and skills in the liberal arts and sciences, in teaching theory and practice, and in the content area of the certificate title. See http://eservices.nysed.gov/teach/certhelp/ReqDescription.do%3FmetaValueId%3D205%26crcId%3D19 for description of certification requirements.

School district superintendents are among the highest-paid government employees in the country, earning significantly more than teachers, state governors, and the President of the United States. This rising pay is in the backdrop as school districts face declining enrollments, decreased funding, and declining academic performance. According to the Bureau of Labor Statistics Occupational Employment Statistics, the Nassau-Suffolk, NY Metropolitan Division has the highest annual compensation of elementary and secondary education administrators in the United States.[3]

The system of allowing school districts to rehire retirees is intended to help districts fill key vacancies with experienced teachers and administrators as they search for permanent replacements. This is common practice among school districts. The laws governing this practice are referred to as "retire-rehire" laws and have been enacted in many states to avert or resolve the problem of teacher and administrator shortages in school districts. At their best, retire-rehire laws work as a powerful tool to attract qualified retirees back into the workforce to fill critical shortages or to address unexpected vacancies. At their worst, the laws may encourage exploitation of the system (Sostek, 2003).

Although working in retirement is not unusual in the public and private sectors, the practice of double dipping in the public sector is questioned when it occurs in a single state system that is funded by taxpayers. The economic impact of double dipping manifests itself as a financial burden born by the taxpayer, who appears to be paying double for the same output. Furthermore, as noted previously, there have been examples that indicate an intention to retire in form, but not in substance.

New York State has seen its fair share of double dipping controversy. In 2008, an investigation was launched into double dipping practices in LI school districts, the purpose of which was to determine whether double dippers were engaging in fraudulent activities and to "shine a light on questionable employment practices" in school districts. The investigation was subsequently expanded to include all 685 school districts in NYS and triggered new legislation targeted to reduce double dipping.[4]

Then Attorney General Cuomo's ongoing investigation of pension fraud had already revealed that many lawyers remained on school districts' or Boards of Cooperative Educational Services (BOCES) payrolls for extended periods of time, or were included on the payrolls of so many school districts or BOCES simultaneously, that they accumulated substantial credits in the New York State Employees' Retirement System.

As awareness of the prevalence and financial and social impact of double dipping increases, state lawmakers have implemented measures to curb the practice of exploiting pension systems. Measures differ from state to state and include bans on double dipping, lengthy waiting periods before retirees can return to work, and limits on how much of their pensions retired employees can receive if they return to work (Heath, 2009; Associated Press, 2011; Lagerkvis, 2013). Other approaches include requiring evidence of a shortage before a retiree is rehired (Sostek, 2003) and imposing an excise tax on double dipping

[3] http://www.bls.gov/oes/current/oes119032.htm

[4] See https://ag.ny.gov/press-release/attorney-general-cuomo-expands-double-dipping-investigation-every-school-district-new

compensation to curb the practice (Miller, 2009). To curb the exploitation of the retirement system, some states have simply repealed their retire-hire laws, including Louisiana and New Hampshire (Sostek, 2003).

New York State has also taken steps to address the issue of double dipping. In 2008, bill S.8669 was signed into law. This legislation curbs double dipping in the state-pension system, and requires school districts to disclose employees who are simultaneously receiving a NYS pension under various waiver restrictions permitted by law. The law makes clear that retired persons can only be hired in certain circumstances and then only temporarily until a qualified non-retiree is identified to fill the permanent vacancy. In addition, retired government workers under age 65 who return to public employment in New York are no longer permitted to receive pension payments when their annual earnings reach $30,000. Despite this law, 2,345 retirees were on the state payroll and received pensions as of May 2011, according to data compiled by the state comptroller. A new centralized tracking system will be used by the New York Comptroller Thomas DiNapoli to monitor compliance with legal regulations and "shut off what he believes is a major avenue for fraud" (Associated Press, 2011).

The Debate

At the root of the double dipping issue is the fundamental definition of retirement. Retirement has traditionally been perceived as permanently ending one's working or professional career. The practice of double dipping is contrary to this definition of retirement, suggesting that a new paradigm may be emerging.

Proponents of double dipping argue that property taxpayers benefit when a retirees are rehired because the experienced retiree fills an immediate critical personnel need at a lower cost, saving on health and retirement benefits, which are not part of the rehiree's compensation package. Proponents also argue that as long as employees have reached retirement age, they have earned their pensions and should be able to draw on those funds regardless of subsequent employment status. Others view pensions as deferred compensation that is the right of entitlement to the earner at any age. Regardless, because the practice of double dipping is legal and allowable, retirees may interpret this as permission to simultaneously collect a pension and a salary. In fact, in the NYS retirement handbook, candidates are encouraged to take advantage of double dipping.[5]

Opponents of double dipping view it as an unethical "gaming" of the system to increase compensation for the same level of productive output. The list of concerns related to double dipping far outnumbers the list of pros found in the literature. From a philosophical standpoint, opponents of double dipping argue that pensions were intended to provide retirement security and should, therefore, provide replacement income, not dual income (Miller, 2009). As such, pension systems should be used only after employees stop working for good. The fundamental philosophical issue is whether individuals who are perfectly capable of working should be allowed to collect pension benefits while simultaneously earning a salary. Finally, some may view double dipping as reducing employment opportunities for budding administrators.

[5] See https://www.nystrs.org/NYSTRS/media/PDF/working.pdf

The double dipping debate goes far beyond the differences discussed thus far. According to an article published by the Institute for Internal Auditors, there are two major risks of double dipping: negative actuarial impact and noncompliance with IRS pension rules (Knight, 2008). With respect to actuarial impact, the practice of drawing a pension while earning a salary puts a financial strain on public retirement plans. Public pension funds are *defined benefit plans* whereby future benefits are guaranteed by the employer or the system, which assumes the actuarial and investment liability associated with the plans. Most defined-benefit retirement plans were not designed to have participants who do not contribute and, therefore, have a negative impact on the fund's sound fiscal management (Knight, 2008). The argument rests in the fact that retired rehires draw from the system but do not contribute to the system and take the place of workers who otherwise would be paying into the system. People who retire early and take another government job are of particular concern as they draw pension income for many more years than they otherwise would. The pension system cannot afford to have people retire at an early age. State pension liabilities are already underfunded by almost $700 billion (Associated Press, 2011).

Another risk of the retire-and-rehire practice lies in the IRS rules that determine who is eligible to receive pension payments from the often tax-exempt retirement funds. To be eligible to receive a pension, a retiree must have a true separation from service. The most important factor is *why* the retiree returns to work. The retiree's return must be for a reason "*unforeseeable at the time of retirement*" (Knight, 2008).

The practice of double dipping is essentially nonexistent in the private sector, whereby private-sector employees also pay taxes but do not have the same kind of benefits as the public sector (Gartner, 2011). Most retirement plans in the private sector are *defined contribution plans*, such as 401(k), 457, and individual retirement accounts, in which the amount of retirement benefits is directly related to individual contributions and investment performance. Future benefits are not guaranteed in defined contribution plans (Knight, 2008). In contrast, defined contribution plans in the public sector are not necessarily the norm. This begs the question, if private entities limit double dipping, why do government agencies seemingly find utility from it? The rehiring is contrary to circumstances when retirees are rehired in the corporate sector; that is, retirees are incentivized to minimize the interim employment period to avoid negative market reaction (Clayton, Hartsell, and Rosenberg, 2005); double dipping in the corporate sector is considered poor governance. Regardless, rehiring a retiree in the public sector comes at the expense of taxpayers who are simultaneously not only funding pensions, but also the salaries of retirees. Now that the retirement paradigm is shifting, and with taxpayers paying the bill, lawmakers must evaluate the impact of this shift and adjust to the new reality in order to preserve and protect pension funds on which retirees rely.

NYS Teachers Retirement System

NYS Teachers Retirement System (TRS) is built on tiers. The best tier for those employees is Tier 1, as that tier did not require employee contributions. Throughout the years, NYS has tightened up the tiers by increasing the vesting period and/or requiring an increasing contribution. Today, Tier 6 employees are required to

TABLE 1. Teachers Retirement System

Tier	Hire Date	Vesting	Mandatory Contribution	Withdrawals May Start	Prior Service Cost
1	Before 7/1/73	5 years	None, voluntary contributions	At 55; 5 years of service or 3 years + 2 credits	Cost free
2	7/1/73 to 7/26/76	5 years	None, voluntary contributions	At 55 with 5 years of service	Cost free
3	7/27/76 to 8/31/83	5 years	3% of salary for 10 years	At 55 with 5 years of service	3% of salary
4	9/1/83 to 12/31/09	5 years	3% of salary for 10 years	At 55 with 5 years of service	3% of salary plus higher interest %
5	1/1/10 to 3/31/12	10 years	3.5% of reportable salary	At 55 with 10 years of service	3.5% of salary
6	After 3/31/12	10 years	3% to 6%; salary cap at $179K	At 55 with 10 years of service	6% of salary

Source: Active Members Handbook found at https://www.nystrs.org/NYSTRS/media/PDF/Library/Publications/Active%20Members/handbook.pdf

make a contribution toward their pension based on a progressive scale that is subject to a contribution limit of six percent of a maximum salary of $179,000, which is the governor's salary.

All participants in this system are eligible for retirement at age 55. Tier 1 through 4 members may retire at age 55 with five or more years of service. (For Tier 1, retirement may also occur at age 55 with less than five years of service, if two years are credited since age 53.) Tier 5 and 6 members may retire at age 55 with 10 years of service credit. NYS tax law §612 Article 22 ¶ c (3) does not impose income taxes on pensions received from NYS pension systems for NYS residents.

Table 1 summarizes the highlights of each tier.

According to the TRS Active Members Handbook for future retirees, double dipping is encouraged by stating, "While working in retirement may seem like a contradiction, it can be a rewarding and profitable experience. Whether it's to help offset rising costs or to satisfy a need to be connected and productive, returning to the workplace has become commonplace." The handbook further describes the current NYS law that delineates requirements and limitations for earning while "retired." A summary of that law is described in the Table 2.

Interim Leaders and Performance

There are parallels in the for-profit sector, and research is available to support the thesis that extended interim employment may not be economically beneficial to an organization. Succession planning is an essential element of good corporate governance (Ballinger and Marcel, 2010).[6] A change in leadership occurs when a manager departs voluntarily or involuntarily. In the for-profit sector, the New York Stock Exchange (NYSE) requires that firms have a succession plan in place.[7]

In the case of a voluntary departure, such as retirement, announcements are made four to six months prior to departure. However, involuntary departures occur with little or no notice. When a CEO[8] departs voluntarily, the event has no impact on share price. However, in the case of involuntary turnover, there

[6]Succession planning is one of the minimally acceptable corporate governance standards based on Institutional Shareholder Services (ISS), Corporate Governance: Best Practices User Guide and Glossary, 2003. Numerous prior empirical studies focus on succession planning as a desirable corporate governance characteristic (Borokovich, Parrino, and Trapani, 1996; Hermalin, 2005).

[7]"Succession planning should include policies and principles for CEO selection and performance review." NYSE Listed Company Manual, Section 303A09.

[8]We make the comparison of superintendents in the local government to CEOs in the for profit sector.

TABLE 2. Earnings in Retirement According to §211 and §212 of NYS Retirement and Social Security Law

Type of Work	Prior NYS Approval	Earnings Limit	Other
Temporary or Occasional	No	$30,000 as of 1/1/2013	Exceeding earnings limit requires pension benefit repayment.
Regular, Full-Time Contractual	Yes	None, unless same prior employer	Under Section 211, a retired public employee is prevented from working in the same or similar position for one year from the retiree's date of retirement from a New York State public retirement system. Approvals are generally limited to one year.
Consulting	Yes, subject to contract approval.	Yes, if retired joined NYSTRS on or after May 31, 1973. Section 212 earnings limit applies.	A consultant cannot perform a function that would be performed by a teacher/administrator in the district.
Extended Period (Full-Time) Contractual for More than Two Years	No, but must suspend pension benefit.	None, if pension benefit is suspended. Otherwise the Section 212 earnings limit applies.	After 2 years, pension benefit qualifies for recalculation or additional benefits.
65 or Over	No	Unlimited	

is a negative reaction to the announcement. There is a degree of uncertainty regarding the future strategic direction and the successor CEO's ability after a CEO turnover (Clayton, Hartsell, and Rosenberg, 2005).

Empirical research reports that an interim CEO is most frequently employed following an involuntary turnover in the event a permanent successor has not been named. The average term of an interim CEO is 195 days (Ballinger and Marcel, 2010). According to Ballinger and Marcel (2010), an interim CEO is one where the title of chief executive officer is vacated by the incumbent and the board of directors has not announced a permanent successor, and designates a particular individual as "interim CEO," or "acting CEO," or "CEO until a permanent successor is named." Based on their empirical data, Ballinger and Marcel (2010) conclude that the use of an interim CEO during successions is an inferior post hoc fix to succession planning processes that boards of directors should avoid. Temporary employment is not extended in the for-profit sector as we have witnessed in the government sector because shareholders do not tolerate the negative economic effect of interim leadership.

RESEARCH METHODOLOGY

The primary objective of this study is to gain a further understanding of the prevalence and economic impact of school district retirees employed by school districts during retirement from 2008 through 2013. A second objective of this study is to evaluate governance structures and academic outcomes for the LI school districts that have earning retirees. LI school districts represent approximately 20 percent of all NYS school districts. The research questions addressed are:

1. To what extent are school districts in NYS engaging in the practice of double dipping?

2. What relationships exist between the number and cost of double dipping events and governance characteristics of school district boards of education in NYS?

Retiree Pension and Retiree Earnings Data

Pension data for school district certified staff was obtained from the See Through NY website found at http://seethroughny.net/pensions/. School district retiree earnings while employed by school districts were obtained through a Freedom of Information Law (FOIL) request from the Coordinator of Public Information of the New York State Teachers' Retirement System. Note that retiree earnings reflect only W-2 earnings and exclude amounts earned on a consulting basis. The data years are 2008 through 2013. The earlier year represents the oldest year provided by See Through NY.

Survey Instrument for Governance Data and Academic Data

Each LI school district was surveyed. This sample district was chosen out of convenience for data accessibility. Although according to NYS Office of the Comptroller, there are 126 school districts on LI, all but three districts (New Suffolk Common School District, Sagaponack Common School District, and Wainscott Common School District) are required to report to NYS and were included in the survey. For the purpose of this study, 80 percent of the school districts surveyed responded to either the voluntary or FOIL request.[9] These districts form the basis for the governance structure analysis.[10]

While governance data for private-sector firms are readily available through numerous electronic databases[11], similar data are not readily available for school districts, even though those characteristics are just as vital as they are in the private sector (Ballinger, Fulbright, and Zimmerman, 1997; Resnick and Seamon, 1999). Therefore, we had to hand collect the governance data. The governance variables used in the study were obtained from survey responses and represent structures that existed as of June 30, 2010.

According to the private sector literature, Yermack (1996) finds that smaller boards are more efficient, and Jensen (1993) suggests that when boards get beyond seven or eight people, they are less likely to function effectively. According to the public-sector literature, there is some evidence that public sector boards are not always effective. Danzberger, et al. (1987) and Danzberger (1994) find school-board governance problems, such as micromanaging, role confusion, and pursuit of individual board member political aspirations.

The Board of Education plays a critical role in the governance of school districts. "Who sits on the board, will, in turn, affect the various strategic decisions made by the board and how effectively the board carries out its functions" (Dey

[9]Districts were first asked to voluntarily respond to the survey. After repeated requests from non-responding districts, a FOIL request was sent. Not all districts responded to the FOIL request; some citing the information requested was not found in an existing record as defined by NYS Committee on Open Government and, therefore, compliance with the FOIL request was not required. See http://www.dos.state.ny.us/coog/foil2.html

[10]Although 80 percent of school districts responded, not all survey data was usable.

[11]For example, Audit Analytics and Compustat Executive Compensation databases.

and Liu, 2011, p. 2). An essential school-board responsibility is to allocate the financial resources to improve academic performance. The board executes its financial responsibilities through oversight of the annual budget process. As school districts enhance their governance through oversight mechanisms, such as optimizing board size and creating a board-designated budget committee, they have increased oversight of spending initiatives, including the decisions to hire retirees.

The survey determines the tenure of not only the Board of Education, but also school administration. The superintendent plays a central and critical role in school district governance and can exert substantial influence on the board. According to Geddes and Vinod (1998), CEO tenure is particularly important because lengthy tenure is associated with CEO entrenchment, which negatively affects the organization. Similarly, we include a variable that measures the influence of the superintendent of business, who is responsible for oversight of the resources for every aspect of the school district, in particular payroll, which is the most significant component of a school district's budget. The survey captures school district governance characteristics that are not publicly available, and these variables are included in our statistical analysis. To control for variation of school district quality, we include student-to-teacher ratio, as it has been used in previous empirical studies as a measure of school quality (e.g., Card and Krueger, 1992). Student-teacher ratios, determined from data disclosed on school district report cards found at http://data.nysed.gov/, were used.

Statistical Tests

Summary statistics were used to determine the prevalence and magnitude of school district retiree earnings and employment positions secured while receiving a pension from the NYS certified staff retirement system. Univariate and cross-sectional analyses were used to examine the association between retiree earnings and employment positions and school district governance and academic characteristics. The White test was used to determine heteroscedasticity, which is found in cross-sectional datasets, and thus White *T*-statistics are presented as indicated by the White general test. Durbin-Watson tests were examined to identify autocorrelation issues and variance inflation factors were examined to test for multicollinearity. The cross-sectional model is described as follows:

$$\begin{aligned}\text{Grand\_Total } \$_{j}, = {} & \beta_0 + \beta_1 (\text{Trustees}_{j}) + \beta_2 (\text{BOE Tenure}_{j}) + \\ & \beta_3 (\text{Budget Committee}_{j}) + \beta_4 (\text{Sup Tenure}_{j}) + \\ & \beta_5 (\text{Bus Tenure}_{j}) + \beta_6 (\text{Student:Teacher}_{j}) + \varepsilon \end{aligned} \quad [1]$$

and

$$\begin{aligned}\text{Total Events}_{j}, = {} & \beta_0 + \beta_1 (\text{Trustees}_{j}) + \beta_2 (\text{BOE Tenure}_{j}) + \\ & \beta 3 (\text{Budget Committee}_{j}) + \beta_4 (\text{Sup Tenure}_{j}) + \\ & \beta_5 (\text{Bus Tenure}_{j}) + \beta_6 (\text{Student:Teacher}_{j}) + \varepsilon \end{aligned} \quad [2]$$

Where:

Grand Total $ is the log value of retiree school district earnings while receiving a pension from school district *j*[12]

[12]School district fiscal year ends on June 30.

Total Events is the log value of the number of post-retirement employment positions retirees occupied while receiving a pension benefit

Trustees is the number of board members for school district *j*

BOE Tenure is the average length of years served on the board of education by all board members for school district *j* as of June 30, 2010

Budget Committee is equal to 1 if the school district reported the use of a budget committee, 0, else for school district *j* as of June 30, 2010

Sup Tenure represents the number of years that the superintendent of education has been in office for school district *j* as of June 30, 2010

Bus Tenure represents the number of years that the superintendent of business has been in office for school district *j* as of June 30, 2010

Student:Teacher is the change in ratio of students to teachers for school district *j* from 2008 through 2013

RESULTS OF THE STATISTICAL ANALYSIS

Prevalence of Double Dipping

Table 3 presents the pension and retiree compensation on a retiree level and contains five panels. Panel A presents the compensation and retirement data for all NYS retirees. Pension benefits paid to all NYS retirees who were earning a salary in school districts during retirement totaled $4.2 billion during the years 2008 through 2013, which represented approximately 13 percent of pension benefits paid to all NYS retirees considered certified staff. Earning retirees represented 10 percent of all retirees, similar to the findings in Texas reported earlier, and were engaged in 95,803 employment opportunities. NYS retirees earned compensation of $675.9 million, or approximately 16 percent of their pension benefits, for a total of $4.9 billion in pension benefits and compensation.

Panel B reports on the prevalence of double dipping on LI where earning retirees received $877.7 million in pension benefits while earning $128.2 million in salaries, representing approximately 21 percent and 19 percent of total NYS earning retirees' pension benefits and retirement compensation, respectively. There were 12,416 earning retirees, who represented nearly 15 percent of all NYS earning retirees and who were engaged in 13,571 employment opportunities. Total pension and compensation remuneration for LI earning retirees was $1.0 billion over the 6-year period.

Panel C reports LI "top" retirees earning in retirement. "Top" retirees are defined in this study as earning more than $50,000 in any of the years under review, while simultaneously receiving a pension benefit. A more detailed analysis is presented for the top six earning retirees, each of whom were collecting pensions from more than one school district. As an example, employee "B" is receiving five pensions from NYS agencies (mostly school districts) for a total of $1.4 million in pension benefits and simultaneously earned $140,238 from four different school districts during 2008 to 2013. The top six earning retirees demonstrate the ability to receive multiple pensions while being simultaneously employed in multiple salaried positions.

TABLE 3. Prevalence of Double Dipping, 2008 to 2013

Panel A. All New York State School Districts

Retirees Working in Retirement Only-Certified Staff Only- All NYS					All Retirees	
Aggregate Data						
Year	Pension Benefit	Earnings in Retirement	No. of Job Events	No. of Retirees	All Pension Benefits	No. of Retirees
2008	$645,733,371	$108,051,224	15,181	13,206	$4,941,978,408	131,550
2009	$671,686,917	$111,616,724	15,657	13,554	$5,169,561,035	134,464
2010	$661,481,899	$107,069,770	15,233	14,202	$5,319,259,490	135,668
2011	$741,143,735	$116,796,750	16,641	14,431	$4,330,717,909	142,080
2012	$742,096,063	$114,537,820	16,652	14,372	$5,976,718,932	145,130
2013	$739,162,377	$117,784,270	16,439	14,234	$6,159,128,173	147,515
Totals	***$4,201,304,361***	***$675,856,558***	***95,803***	***83,999***	***$31,897,363,946***	***836,407***

Panel B. Long Island School Districts

Retirees Working in Retirement Only-Certified Staff Only				
Year	Pension Benefit	Earnings in Retirement	No. of Job Events	No. of Retirees
2008	$117,779,329	$20,678,943	2,316	2,110
2009	$144,898,074	$20,580,543	2,242	2,042
2010	$145,532,688	$20,518,323	2,188	1,983
2011	$159,921,089	$22,080,834	2,353	2,149
2012	$153,378,646	$21,573,432	2,226	2,046
2013	$156,232,828	$22,787,016	2,246	2,086
Totals	***$877,742,654***	***$128,219,091***	***13,571***	***12,416***

Panel C. Top Long Island School District Double Dippers (earning > $50,000 in retirement during 2008 to 2013)

Top 6 Double Dippers	Employee	No. of NYS Employers/Pensions	Pension	Earnings in Retirement	Employment Events in Retirement
	A	2	$222,374	$53,333	1
	B	5	$1,429,482	$140,238	4
	C	2	$841,176	$61,125	2
	D	2	$518,796	$406,937	5
	E	2	$518,796	$94,400	1
	F	2	$955,152	$147,571	4
Total Top Double Dippers (> $50,000)	108		$59,893,162	$34,083,333	408
All Double Dippers	4,343		$877,742,654	$128,219,091	13,571

(continued)

TABLE 3. Prevalence of Double Dipping, 2008 to 2013 *(continued)*

Panel D. Frequency of Tenure of Top Long Island School District Double Dippers (earning > $50,000 in retirement during 2008 to 2013)

Number of Years (Upper Limit) at "Temporary" Position in a Single SD	Frequency
1	60
2	28
3	15
4	9
5	4
6	9
Total No. Events	*125*
Mean Length of Stay at One Employer While Receiving Pension Benefits	***2.168 years****

* Mean length of stay at one employer while receiving pension benefits was calculated by dividing the total number of years a "retiree" held a temporary position in a particular school district by the total number of events (number of post-retirement employment positions occupied by "retirees" receiving pension benefits—individuals working for more than one school district are counted once for each school district position).

Panel E. Definition of Variables

Trustees is the number of board members for school district *j* as of June 30, 2010

BOE Tenure is the average length of years served on the board of education by all board members for school district *j* as of June 30, 2010

Budget Committee is equal to 1, if the school district reported the use of a budget committee, 0, else for school district *j* as of June 30, 2010

Sup Tenure represents the number of years that the superintendent of education has been in office for school district *j* as of June 30, 2010

Bus Tenure represents the number of years that the superintendent of business has been in office for school district *j* as of June 30, 2010

Student: Teacher is the change in ratio of students to teachers for school district *j* during 2008 through 2013

Total Events is the log value of the number of post-retirement employment positions retirees occupied while receiving a pension benefit

Panel C also discloses that 108 earning retirees received pension benefits of $59.9 million and earned $34.1 million from 408 employment opportunities. The "top" earning retirees received pension benefits and compensation representing 6.8 percent and 26.6 percent of all LI earning retirees, respectively, while only engaged in three percent of LI retiree employment opportunities.

Panel D presents the tenure data for employed retirees. Unlike interim CEOs in a for-profit organization (Ballinger and Marcel, 2010), the average length of stay for an employed retiree is 2.168 years. The data also reflect that over 50 percent of the employment events lasted longer than one year.

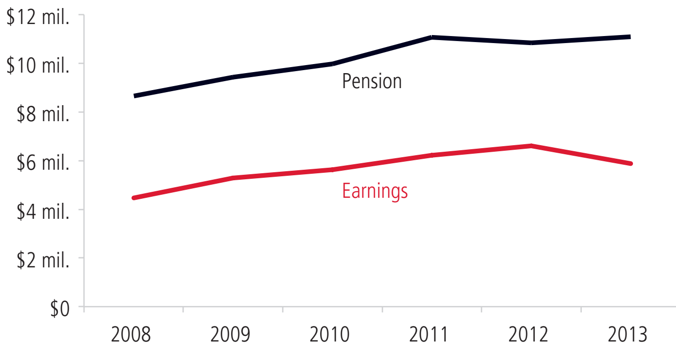
Table 3, Panel E presents our variable definitions.

Figure 1 presents total pensions plus total earnings for Top Double Dippers by year. The blue (top) line is the pension and the red (bottom) line is their salary in retirement. Although double dippers are earning in retirement, their pensions are higher than their post-retirement earnings, which are lower than their pre-retirement salaries (see Figure 1).

Statistical Analysis

Table 4 presents the summary statistics for the LI school districts. The data are presented on a school district level. The maximum amount of compensation paid to all retirees during 2008 to 2013 (Grand Total) was $4.3 million and

FIGURE 1. Top Double Dippers



a mean value of $1.1 million. The significant standard deviation indicates much dispersion in the data. The maximum number of employment opportunities provided by districts (Total Events) was 527; that is, one school district provided 527 employment positions to retirees over the 6-year period. The mean number of employment positions provided to retirees was 112. Similar to retiree compensation, the significant standard deviation of 102 job events indicates dispersion in the data. As of June 30, 2010, the average number of trustees on the board of education was six, and trustees served on the board for approximately five years on average. Approximately 42 percent of the districts that responded to the survey made use of a budget committee, and the tenure of the superintendents of education and of business had very similar average years of service of 5.0 and 4.4 years, respectively. During the years under analysis, the change in the student-teacher ratio declined to a mean of (0.047), suggesting fewer students per teacher.

Table 5 presents the regression results for the analysis of the associations between the earnings and job opportunities in retirement and governance and academic outcomes. In the first model, where the log value of retiree compensation (Grand Total $) is the dependent variable, use of a budget committee and the tenure of the superintendent of education are both positive and significant at levels $p < 0.010$ and $p < 0.001$, respectively. The tenure of the business superintendent is negative and significant at $p < 0.010$. In the second model, when the dependent variable is the log value of employment positions provided in retirement (Total Events), the number of trustees, budget committee use, and the tenure of the superintendent of education are positive and significant at $p < 0.0001$, 0.010, 0.0001, and 0.050, respectively. Similar to results found in model 1, the tenure of the business superintendent is negative and significant at $p < 0.050$. In model 2, the student-teacher ratio is positive and significant at $p < 0.050$, suggesting that improvement in this ratio (mean is negative) is associated with hiring seasoned retirees. Overall, for both models, budget committees and the

TABLE 4. Summary Statistics, Long Island School Districts

Variable	N	Minimum	Maximum	Mean	Std. Dev.
Grand Total	121	$4,500	$4,293,597	$1,059,662	$972,068
Total Events	121	1.000	527.000	112.157	102.275
Trustees	98	3.000	9.000	6.122	1.204
BOE Tenure	94	1.429	17.800	5.393	3.321
Budget Committee	98	-	1.000	0.418	0.496
Sup Tenure	98	0.417	24.000	5.040	4.747
Bus Tenure	87	-	20.000	4.376	3.618
Student:Teacher	120	(0.269)	0.142	(0.047)	0.059

See Table 3, Panel E for definition of variables.

TABLE 5. Regression Results, Long Island School Districts

	Grand Total $	Total Events
Intercept	5.532*** (30.340)	1.3071*** (8.540)
Trustees	0.039 (1.450)	0.1035*** (4.770)
BOE Tenure	−0.004 (0.610)	−0.0089 (1.610)
Budget Committee	0.175** (2.930)	0.1368** (2.870)
Sup Tenure	0.027*** (3.600)	0.0156*** (3.930)
Bus Tenure	−0.025** (3.460)	−0.0121* (2.040)
Student:Teacher	0.542 (1.210)	0.9124* (2.390)
N	83	83
F-Value	3.390	5.310
Adjusted R2	0.149	0.242

*, **, *** Statistical significance at $p < 0.050$, 0.010, 0.0001, respectively (2-tailed). T-values are in parenthesis. See Table 3, Panel E for definition of variables.

superintendent of education may view the employment of retirees as beneficial for short-term budget planning purposes and to achieve better outcomes in the short-run; whereas the superintendent of business may find that such actions are more costly. Trustees on the board of education agree with the budget committee and superintendent of education with respect to employment of retirees, especially with respect to larger boards.

SUMMARY AND CONCLUSIONS

The depth of the rehired retirees was examined in terms of its proliferation and magnitude of double dipping compensation. Using governance data collected from LI school districts, we examine the relationships between double dipping and governance characteristics, such as number and tenure of board of education trustees, participatory budgeting through the use of a budget committee, tenure of the superintendents of education and business, and student-teacher ratio.

Despite measures to curb double dipping in NY and other states, the practice continues to persist. Temporary roles assumed by double dippers appear to be more permanent in nature because the average length of stay for an employed retiree exceeds two years (see Table 3 Panel D). Finally, the economic impact of double dipping is presented and is extensive, showing that NYS school district retirees collected $4.2 billion in pension benefits while simultaneously earning $676 million in salaries from the same employer. Governance characteristics may have an impact on a district's decisions to rehire retirees, particularly the presence of budget committees and the tenure of the superintendent of education and the superintendent of business. The results suggest the size of the board may also be a relevant factor. These results, however, are for a particular group of districts at a particular point in time and may not be generalizable to other school districts.

There is a dearth of empirical literature that examines double dipping in school districts. Most of the literature is in the form of news stories that provide descriptive information and political discourse. There is also little empirical work with respect to school district governance issues. Dorata and Phillips (2015) examined management entrenchment and board independence associated with budget increases. The findings of our study raise many questions. If double dipping is legally constrained, would talented individuals be motivated to go into public-service positions with these less generous pension systems?

How would a change in policy limiting double dipping affect the future of public education and other public-service delivery? How can the system be changed to minimize potential loss of employment opportunities for non-retirees? If the retirement paradigm has changed, should lawmakers evaluate the effect of this shift on pension systems and make the necessary adjustments? Additional research is needed to better understand these local governmental bodies.

This study has its limits. In particular, the governance analysis is limited to the sample of LI school districts responding to the governance survey. However, the current study can be extended to examine the governance attributes and their relationships between double dipper earnings and tax levy data, or to review the length of post-retirement service and its association with academic performance and school district fiscal and academic outcomes. There are ample opportunities for future research to build the literature base.

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