

# SEIU Local 517M Special School Edition E-Former – April 2012

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## School Employees Meet to Discuss Regaining Their Voice at Work



On Wednesday, April 18<sup>th</sup>, leaders from SEIU Local 517M representing school units met in Lansing to discuss what actions can be taken to make sure that school members don't lose their voice at work. On March 16<sup>th</sup> the Governor signed Public Act 53 of 2012 making it illegal for schools to administer union dues deductions. School employee unions, including SEIU Local 517M, are working to establish alternate methods for members to pay their union dues such as credit union drafts and automatic fund transfers.

## Federal Suit Filed Against Unconstitutional Ban on Payroll Deduction of Dues

SEIU and three other unions representing Michigan school employees filed suit April 4<sup>th</sup> in Michigan's Eastern District federal court challenging the constitutionality of Public Act 53 of 2012, the recently enacted ban on payroll deduction of dues for public school employees only.

The suit asserts that the law violates the First and 14<sup>th</sup> Amendments of the U.S. Constitution, discriminating against school employees as retribution for political speech and treating school employees differently than other classifications of workers without reason. In March, a federal court in Wisconsin, found that similar restrictions on public workers passed during last year's highly publicized assault on worker rights were unconstitutional.

PA 53 makes it illegal for school districts to bargain language allowing for employees' dues to be paid to their union through payroll deduction – a practice that has been decided at local bargaining tables for decades in Michigan. Where a contract is in place, it allows for the

continuation of the practice until the end of the contract. The bill only applies to K-12 public school employees. On Monday, April 2<sup>nd</sup>, an Ingham County Circuit judge issued a preliminary injunction on the implementation of this law due to a dispute over the House's granting of "immediate effect" without a roll call vote.

When the Governor signed the bill, he said, "This legislation furthers the goal of good government by promoting greater transparency and ensuring that public resources are used solely for their intended purposes." That explanation is hypocritical at best, however.

Following that logic, if this was about proper use of "public" funds, why is only one category of public workers – school employees – singled out? Why does this only apply to union dues and not other payroll deductions like United Way contributions, health insurance or pension contributions, or even taxes? All those things should be billed separately to workers under that logic. Why should taxpayer dollars be used by public entities to fund other private operations, like associations for cities, townships, school boards and more?

"Last year's attacks on public workers in Wisconsin were the worst kind of partisan political power grabs and we're thrilled for the workers in that state who've been vindicated through our federal justice system," said **Phil Thompson**, Executive Vice President of SEIU Local 517M. "We're proud to be taking Michigan's version of those attacks to federal court in our state, where we are confident that truth and justice will win over politics and retribution."

## **Make Your Voice Heard on These Issues – Sign Up For Lobby Day!**

SEIU will be holding our annual Lobby Day at the state capitol in Lansing on Wednesday, May 2, 2012, from 8:00 am to 4:00 pm. A brief agenda for the event is:

8:00 am – Continental Breakfast and Guest Speakers  
10:00 am – Members attend scheduled lobby visits  
Noon – Lunch on Capitol lawn with legislators  
1:00 pm – Members attend scheduled lobby visits  
4:00 pm – End of day

Register on-line by Friday, April 27<sup>th</sup> at: <https://www.surveymonkey.com/s/2012lobbyday>

## **Press Conference is Held in Opposition to School Retirement Changes**

On April 11, 2012, the Coalition for a Secure Retirement (CSR), a coalition of school employee unions held a press conference to voice opposition to SB 1040 which proposes asking long-term school employees to either make larger contributions into their pensions, agree to take a smaller retirement multiplier (1.25 from 1.5 percent) or switch to a 401(k)-like plan. SEIU Local 517M is a founding member of CSR. The other members include AFSCME Council 25, AFT Michigan, the Michigan Education Association, and the Michigan Federation of AFSA Local AFL-CIO.

The bill is sponsored by State Senator **Roger Kahn** (R-Saginaw), and would also cap an employee's maximum compensation at \$100,000. It doesn't allow employees to begin collecting until 60, as opposed to 55, and it moves down the maximum health insurance premium coverage the state will cover from 90 to 80 percent.

CSR opposes SB 1040 on two main fronts. The impact of the legislation will be significant for many retirees and reduce healthcare benefits and pension amounts for current employees.

CSR spokesperson **Todd Tennis** said that the average pension for a public school employee is around \$20,000 a year -- "barely enough to keep a retired couple above the poverty line."

"When you start increasing costs it really starts to push people toward the danger zone," he said.

## Retirement Bill Examples

State Senator Roger Kahn (R-Saginaw) has introduced SB 1040 which makes significant changes to the Michigan Public School Employees Retirement System. The Coalition for a Secure Retirement, of which SEIU Local 517M is a founding member, has put together some scenarios on possible impacts to members if the legislation passes.

### CASE HISTORY EXAMPLES OF IMPACT ON FINANCIAL SECURITY: SB 1040

Below are examples of how SB 1040 could negatively impact school support staff and retirees in different hypothetical situations. Additionally, most active employees are **already paying for an increasing amount of their health insurance due to budget cuts and to PA 152**. Additionally, **employee contributions to their pensions and retiree health care have already been increased and benefits reduced under laws enacted just in the past five years—PA 110 and 111 (2007) and PA 75 (2010)**.

#### **Example A, Paraprofessional with \$15,000 Annual Income:**

Mrs. Johnson is a paraprofessional, working full-time in a special education classroom as she has for the past 20 years. She is 50 years of age, widowed, and responsible for three grandchildren, ages 6 to 11. Mrs. Johnson currently earns \$15,000 per year. Right now, she contributes \$510 to her pension every year, plus an additional \$450 per year towards her retiree health care, for a total of \$960 per year. **Under SB 1040, she would pay \$1200 per year for the pension plus the \$450 per year for retiree healthcare -- a total of \$1650 per year.** The additional \$690 will make it extremely difficult for Mrs. Johnson and her grandchildren to stay in her apartment. Because she needs the income, she planned to work until she was 65. At her income level, even with 35 years of service, **her pension will already be very low--\$7875 per year**, so her retirement security is threatened if she chooses not to pay the new increase in retirement contribution under SB 1040.

#### **Example B, Full-time Bus Driver:**

Mr. Winston is a full-time school bus driver who earns \$25,000 per year and has been working for his district since 1988, 24 years. Because of his modest family income and his family's four children, he chose not to contribute to his pension plan, understanding that he would then need to work longer and have lower benefits. As a result of the changes to the law in 2010, he now pays \$1750 per year for retiree health benefits. Under SB 1040, Mr. Winston would have to pay an additional 5% of his income just to retain his "BASIC" benefits for a **total of \$2000 per year**. At his current level of pay, with 30 years of service, **his current "BASIC" level pension would provide \$10,800 per year, hardly an exorbitant amount for his long service.**

#### **Example C: Retired School Secretary**

Miss Longstreet retired after 40 years of service as school secretary in her elementary school and is 60 years of age. Her "final average compensation" was \$30,000 and she receives a pension of \$18,000. She currently pays \$1198.80 per year for her MPERS health care plus an additional

prescription drug premium of \$144 per year, for a total of \$1342.80. **Under SB 1040, her annual costs for retiree health care would increase to \$1548.53 plus \$144—a total of \$1692.53.** When Miss Longstreet retired, she calculated her personal budget carefully to be sure she could afford to do so. **SB 1040 throws a wrench into her planning!**

## Legislative Update

By Paul Henry, Legal Extern

The current legislature is attempting to systematically silence the Michigan worker's voice. The legislature is proposing (and successfully passing) legislation to try to silence your voice in the workplace, to eliminate union jobs, and to take away your hard-earned retirement benefits. This legislature has introduced over 60 bills in an attempt to destroy labor. This is a brief overview of just a few pieces of this legislation with a particular focus on public school employees. Full details on each bill can be obtained by clicking on the Bill numbers.

**[Public Act No. 53](#) —Passed 3/16/2012** - This legislation forbids ". . . a public school employer's use of public school resources to assist a labor organization in collecting dues or service fees from wages of public school employees. . ." This legislation focuses only on the public school employee unions. By law, the Union is required to represent everyone in the unit, whether or not their dues have been paid. If the Union receives less funding but is still required to provide the same representation to everyone, it will be unable to operate as effectively which will then impair your voice in the workplace. If your voice is allowed to be silenced, what will happen to your wages and healthcare? On a larger scale, what will this do to your community?

**[SB 938](#) —Introduced 9/14/2012** - This legislation seeks to expand what Public Act No. 53 began. This legislation would prevent all public employers from assisting in the collection of union dues. The legislature is attempting to spread the infection it created when it passed Public Act No. 53. This would affect state, county, and city employees in the same way that Public Act No. 53 is affecting public school employees. This is a blatant attempt by the legislature to try to break the Unions and take away your voice in the workplace. Why else would this legislation focus directly on labor but refrain from stopping any other organization from receiving an automatic deduction?

**[SB 1040](#)—Introduced 3/22/2012** - This legislation seeks to revise the Michigan Public School Employee Retirement System (MPERS) by making drastic changes to your pension and healthcare. This forty page bill seeks to "fix" the financial problems MPERS is facing by taking away what you have already earned. The legislation would seek to impose several changes. One of the biggest changes is to your pension. Employees hired before July 1, 2010 would basically have three different pension choices. Pay more to get the pension you were promised (a 1.5% multiplier), pay the same you have been paying to receive less pension (you would only get a 1.25% multiplier), or freeze the pension amount you have earned and move to a 401k for your future years of service.

This legislation also would require you to pay more for retiree healthcare. To be eligible for retiree healthcare you will be required to work until at least age 60. For employees hired after July 1, 2012, you will no longer be entitled to any healthcare coverage. Instead, you would be given a 401k (to gamble your healthcare benefits on the stock market). For current and future retirees, your healthcare costs would increase from 10% to 20%; if you are retired and on a fixed income, you would be asked to pay more for the same healthcare. Every change they are seeking to implement puts less money in your pocket. You will have spent your entire career being promised that you will receive benefits. With cuts like these, how long will it be before they decide any pension is too expensive? Do they really feel that it is fair to cut your benefits to a point where you will be forced to get another job after you retire?

[HB 4306](#)—Introduced 2/22/11 - This legislation would *force* public schools to privatize their non-instructional positions. This would affect the food service, custodial, and transportation workers. Again, this legislature is attempting to destroy your voice by trying to remove your Union. Having a Union allows workers' to have a voice in the workplace, to be able to collectively bargain a living wage and healthcare. Without a Union, what will happen to your job? What will happen to your voice?

**What can you do?** - The challenge has been made. This legislature thinks that it has us on the ropes; that we have no fight left in us. It's time to show them what we are made of; it is time to rise to the occasion. November 6<sup>th</sup> is a date that is looming far on the horizon. This is our chance to keep our voice strong. The proposed ballot initiative would amend the Michigan Constitution to permanently protect your voice in the workplace. Even though we have a long hard road ahead of us, we can win this and show the legislature once and for all that we cannot be silenced, that when we combine our voices, we cannot be stopped. Contact Cheryl Bollinger at [cbollinger@seiu517m.org](mailto:cbollinger@seiu517m.org) if you are interested in getting petitions to place this constitutional amendment on the November ballot.