

SEIU Local 517M E-Former – August 2012

New Solutions for Michigan!

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Layoffs in the Human Services Support Unit

SEIU Local 517M has been notified that Human Services Support unit members who were hired as Limited Term Intermittent employees will be laid off effective August 31, 2012. Any members with permanent status who were hired for Limited Term appointments will have "bumping rights."

Some of our members who are in permanent positions will also be laid off effective September 30, 2012. At this time, the affected positions have not been determined. We do know that the number of lost positions from the HSS Bargaining Unit is approximately 120 members across the state. These positions are primarily from the Unemployment Insurance Agency. Refer to the contract link below for more information regarding layoff, bumping, and recall. Be sure to check this information on non-work time, i.e., during lunch, before work, or after work hours. As soon as more information is made available it will be forwarded to our members.

http://www.seiu517m.org/files/2011/04/HSS_Unit_Full_Contract_2012_13.pdf

Members Rally to Increase the Minimum Wage



On a hot summer day, approximately 40 SEIU members and community activists turned up the heat on Congress to pass an increase in the minimum wage. In front of the Bain Capital owned Toys R Us store on Tittabawasee Road in Saginaw, the public was made aware of the inadequacy of the current \$7.25 federal minimum wage. That's only \$15,080 a year, and more than \$7,000 below the federal poverty level for a family of four.



People pulled into the parking lot to sign a petition asking Congress to increase the federal minimum wage and give hope to the 99 percent. The media was out to cover the event and hear the story of people like **Raheem Saltmarsh** (pictured far left) - Minimum wage earner/college student at Saginaw Valley State University "I struggle to earn enough to pay my rent, utilities, tuition, books, food and gas to get work and classes. Costs keep going up, but my earnings never do!"

Raising the minimum wage is a key part of economic recovery. Consumer spending drives 70% of our economy. Raising the wages for the lowest paid workers puts money into the hands of people who spend their incomes at the highest rate, boosting demand for goods and services in the local economy.

The federal minimum wage hasn't kept up with inflation, but CEO pay has risen 725% over the last 30 years and 80% of all real income growth has gone to the richest 1% of Americans! If the federal minimum wage had kept up with inflation over the past 40 years, it would be \$10.55.

U.S. Senator **Tom Harkin** and Congressman **George Miller** have introduced legislation that would increase the minimum wage in three 85 cent steps over the next three years and will raise the pay for more than 28 million working Americans. View more coverage at: <http://www.seiu517m.org/2012/07/25/national-day-of-action-for-supporting-a-minimum-wage-increase/>

2012 SEIU Local 517M Annual Meeting Review



On Friday, July 27, 2012, 70 SEIU Local 517M activists and leaders met in Lansing for the 2012 SEIU Local 517M Annual Meeting. A great rendition of the National Anthem sung by HSS unit member **Roderick Pritchett** started the conference.

A flash mob broke out during President **Bill Ruhf**'s opening remarks. Special guests included Wayne State

Law Professor **Jocelyn Benson** who talked election reform and current legislation dealing with elections, SEIU Michigan State Council staff **Fred Miller** gave a summary of each ballot proposal, and AFL-CIO President **Karla Swift** also gave detailed information on the collective bargaining ballot proposal. Over 700,000 signatures were turned in and Michigan needs to pass this proposal to secure the rights of working families to bargain collectively in the future.



There were caucus reports given by **Andy Johnson** for our AFRAM Caucus and **Cheryl Bollinger** for the Lavender Caucus. Another special guest was Michigan Corrections Organization Vice President **Andy Potter** who discussed the SEIU GOP Caucus. There was also a Litigation Update by SEIU Local 517M Staff Attorney Howard Gordon.



The SEIU Local 517M Member of the Year Award was given to **Amy Davis-Comstock**. Amy is the newly-elected Unit President for the Human Services Support state employee unit and has been active in various campaigns. She is also a graduate of the SEIU Member Lobbyist Program.

An update on the various New Solutions campaigns that the Local is engaged in were reported by various staff and leaders.



The main theme of the conference was Lead, Unite, Fight – Win for the 99%. This was the theme that came out of the 2012 SEIU International Convention. **Anne Strauss** and **Jack Schutzuis** from SEIU International conducted training with Local 517M Member Leadership and Action Director **Marianne Woods** about the program and what members can do to energize and mobilize their fellow members. View photos at:

State Employee Insurance Rates

There have been a lot of questions regarding the new insurance rates. First, employees hired after 4/1/2010 pay a lower premium for their plans because they have higher co-pays, deductibles, and out of pocket expenses so the overall cost of the plan to the state is less expensive than the plan for employees hired prior to 4/1/2010.

Next, if you are in an HMO, the state pays 15% of the HMO premium UP TO WHAT THEY PAY FOR THE STATE HEALTH PLAN. This has always been the case but most times the HMO plan came in around the same cost as what the state pays for the state health plan so it hasn't been much of an issue over the past several years. Attached are charts of the percent you paid last year and the percent you would pay this year in each plan [for an employee hired prior to 4/1/2010](#). If it is higher than 15% it is because that particular HMO costs that much more than what the state pays for the state health plan.

Thanks to Amy Lipset, President of the S & E Unit, for putting the charts together. View the comparison chart at: <http://www.seiu517m.org/files/2012/07/HC-comparison.pdf>

Legal Lines



Legal Updates from SEIU Local 517M Staff Attorney Howard Gordon

Senate Bill 1040

Legislation sponsored by Senator **Roger Kahn** proposes massive changes to the Michigan School Employee Pension System (MPSERS). The effort is to shift costs for pensions and retirement health care onto school employees and retirees.

The problem is the House and Senate can't agree on the "best way to do it". August 15th looks like the next target date to accomplish concurrence of the two competing bills. But, here's the catch: The 401(k) plan devised by the Senate may turn out to be more expensive than the 2-year-old hybrid plan that it would replace. Proponents of the 401(k) plan argue that the hybrid plan depends on unrealistic assumptions about return on investment. A Senate Fiscal Agency analysis suggests the hybrid plan will become the more expensive option if earnings fall below an annual average of 5.5%. Currently, pension investment returns are averaging about 3.4%.

All of this started out as an effort to get school retiree health care costs under control. The bills would raise health care premiums for retirees, put some state funding into future health care costs and switch new employees into 401(k)-style savings accounts for retirement health care.

Then the Senate added its demand to put all new school employees into a 401(k) system, and the current stand-off ensued.

John Nixon, director of technology, management and budget, says the Senate proposed 401(k) plan, which mirrors what state employees get, could cost Michigan an additional \$8 billion over 25 years compared with the hybrid plan. That's because the hybrid plan requires a substantial contribution from school employees — 6% of their pay — while the state contributes just 3%. Under the 401(k) plan, the state contributes 4% of pay and employee contributions are optional

(and if made, under the state plan, also trigger a state match up to 3% of pay).

School Employee 3% Pension Contribution

In the wake of changes made to the state employee retirement system, several members have been inquiring about the fate of the still ongoing school employee 3% retirement contribution. The bottom line is that the case involving state employees' 3% retirement contributions is separate and apart from that of the school employees' 3%.

The school employee case, *McMillan v MPSERS*, is still awaiting a decision by the Michigan Court of Appeals. No date has been set for when a decision will be rendered, but could take until fall 2012 or even into 2013 - after which an appeal to the Supreme Court is still a possibility. Until then, MPSERS will continue to collect and escrow the 3% contribution from school employees.

Additionally, it is important to understand that the ruling in the state employee case may not translate into a similar decision for school employees. In *AFSCME Council 25, et al v State Employees Retirement System, et al*, the Michigan Court of Appeals ruled that the legislature violated the Michigan Constitution by going around the Civil Service Commission to establish the state employee 3% contribution. Article XI, Section 5 of the Michigan Constitution puts the Civil Service Commission (CSC) in charge of state employee compensation; as such, the actions of the legislature were unconstitutional. Since school employees are not controlled by the State Civil Service Commission, the ruling in the state employee case does not mean that the school employee contribution is also unconstitutional.

State Employee 4% Pension Contribution

In the case of: *Michigan Coalition of State Employee Unions, et al. v State of Michigan, Case no. 12-17-MM*, lawyers for the Michigan Coalition of Unions argued on June 20th the Plaintiff's Motion for Summary Disposition claiming that PA 264 and its 4% wage reduction "retirement contribution" violates the plenary authority of the State Civil Service Commission and Article 11, Sec. 5 of the Michigan Constitution. Judge **Joyce Dragonchuk** took the Motion to dismiss under advisement and her decision remains pending. Updates on this case will be sent to the membership as soon as they are received.



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