

SEIU Local 517M E-Former – June 2017 Edition



In this Issue:

School Pension Assault Continues - Municipals Next
SEIU Members Participate in Millage Information Walks
Lansing Area Diaper Drive June 15-20th
Register Now for The August 11th Scholarship Golf Outing
Community Cleanup Scheduled in Detroit
School and Local Government Contract Wrap-Up
Scientific and Engineering Members Supporting Future Members
Thousands of Pounds of Food for 25th Annual Stamp Out Hunger Food Drive
Lobby Day Recap
A Review of the Community Services Activist Training
Wayne State University Member Returned to Work After Arbitration Win
Leadership Coin Earned
Local Staff Members Elected to AFRAM Leadership
Members Only Benefit: Making College Affordable and Convenient for Every SEIU Member!
Annual Meeting is July 21st in Lansing
Calendar of Upcoming Union Events for June, 2017

School Pension Assault Continues - Municipals Next



[This information is provided by the Coalition for a Secure Retirement]

On May 23rd, legislation was introduced in the Michigan House and Senate that proponents claim will fix the public school pension system (MPSERS) once and for all. Based on past experience, these claims are highly suspect. Moreover, backers of this legislation are completely ignoring the major changes that were made to MPSERS just five years ago that have already greatly reduced long-term risk. What follows is our analysis of this legislation.

State Workers, A Cautionary Tale

SB 401 and HB 4647 close access to the Hybrid plan as of October 1, 2017. The proponents of this legislation claim that this change will “Retire the Debt” and stop further accumulation of unfunded liability to the system. This point is belied by the experience of the State Employees Retirement System (SERS) that was closed in 1997.

SERS was over 100% funded when it was closed 20 years ago. In the time since it was closed, it has dropped to only 60% funded and accumulated over \$6 billion in unfunded accrued liabilities. Closing a system is no guarantee that it will not become underfunded.

Moreover, state workers were promised in 1997 that a 401k-style Defined Contribution plan was in their best interest. They were told that it would be more portable (true) and provide for just as rich of a benefit as the old traditional pension (untrue). The National Institute of Retirement Security examined the state DC plan in 2015 and found that it would, on average, provide a benefit approximately one-third less than the previous pension plan. In addition, whereas employees in the old pension plan were protected from downturns in the market, those with a 401k-style Defined Contribution plan saw much of their investments take a serious hit in the 2008 Great Recession. If they were nearing retirement age, they had scant few years to recover from those losses.

The Hybrid system adopted for school employees in 2012 spreads the risk more evenly between the employer and the employees. It allows for a more secure retirement while lowering the risk of accumulating unfunded liabilities. The Hybrid system is currently 100% funded, and if positive investment changes such as reconfiguring assumptions on future payroll and mortality are adopted, there is no reason to expect it will face the same challenges as the old MPSERS plan.

Massive Costs Override Other State Needs

Closing a pension system is hugely expensive. At the very least, investment assumptions must be lowered due to the fact that the system must take a more conservative investment strategy. In addition, the normal costs for the new DC plan are nearly double the cost for the existing Hybrid plan (so essentially the state would pay more money for a lower benefit).

If best practices are followed, payments on the unfunded accrued liability must be accelerated significantly. The House Fiscal Agency, the Office of Retirement Services, the Anderson Economic Group and former House Fiscal Agency Director Mitch Bean have all concluded that the cost of closing the system in 2018 alone would exceed \$600 million, and reach close to \$3 billion over the next five years. In that same time period the state is facing numerous other existing spending challenges, including:

- Personal Property Tax Phaseout: **\$374 million** in FY 17-18
- Road Funding: **\$150 million** in FY 18-19; **\$300 million** in FY 19-20; **\$450 million** in FY 20-21; **\$600 million** in FY 21-22
- Homestead Property Tax Reduction: **\$206 million** in FY 18-19; **\$818 million** by FY 22-23

State revenues cannot possibly keep up with these demands when the cost of closing MPSERS is added. Passing these bills would be condemning future Legislatures to ongoing budget deficits requiring further cuts to infrastructure, education and public health.

Summary

Proponents of this legislation are focusing their efforts on closing the Hybrid system – a goal that does nothing to eliminate the current unfunded liabilities and will actually cost the state a great deal more in the long run. They are willing to spend a huge amount of tax dollars to address a “problem” that the Hybrid reforms in 2012 already fixed.

Instead, for not much more than what we are currently paying, Michigan can increase the rate at which we pay down the unfunded liability without reducing benefits. We could also increase the value of the Defined Contribution plan making it more attractive and therefore increasing the number of new hires who choose it.

Here are links to the bill language and the financial analysis:

Senate Bill 401 Language: <http://www.legislature.mi.gov/documents/2017-2018/billintroduced/Senate/pdf/2017-SIB-0401.pdf>

Senate Fiscal Agency Analysis: <http://www.legislature.mi.gov/documents/2017-2018/billanalysis/Senate/pdf/2017-SFA-0401-G.pdf>

SEIU Members Participate in Millage Information Walks



A millage was on the May 2, 2017 ballot in Saginaw for a business property tax increase due to the absorption of the Buena Vista School District into the Saginaw School District. The Citizens for Education Millage held informational walks in an effort to educate the voters of Saginaw that reside in the attendance areas of Saginaw Public Schools, on the purpose of the May 2nd Millage Election. Twelve SEIU Local 517M members participated in distributing approximately 2,900 informational flyers to homes in areas of all ten elementary schools, Thompson Middle School, Arthur Hill and Saginaw High Schools.

This was a successful endeavor with the millage being overwhelmingly passed. This success was realized through the collaboration and participation from groups like SEIU Local 517M, the Saginaw Education Association, and local volunteers. (Pictured are Paul Reyes GCA Chapter President and Dwayne Medel member from GCA Saginaw Schools)

Lansing Area Diaper Drive June 15-20th



The Capital Area United Way is holding a "No Child Wet Behind" Diaper Drive from June 15-20, 2017. Donations of baby wipes, all sizes of baby diapers and adult diapers can be dropped off at any LAFUCU Branch location. You may also text uwdiaper to 41444 to help purchase a supply of diapers.

Register Now for The August 11th Scholarship Golf Outing



The Annual SEIU Local 517M Scholarship Golf Outing will be held on Friday, August 11, 2017 at Wheatfield Valley Gold Course in Williamston. Registration will begin at 8:00 a.m. with a shotgun start at 9:00 a.m.

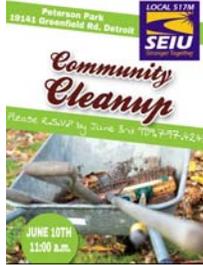
This year the outing format is changing! We are excited to announce that the outing will be the major fundraising component of a new scholarship program being established at SEIU Local 517M to help further the education of members and their children.

Please mark this day on your calendar and plan to be with us for a day of fun golf, good friends, and a great cause!

Contact Dave Corrie at (517) 267-2090, or e-mail at corried@seiu517m.org for any questions.

More details on costs and donation levels and the registration form can be found at: www.seiu517m.org.

Community Cleanup Scheduled in Detroit



The SEIU Local 517M City of Detroit unit members are holding a Community Cleanup at Peterson Park in Detroit (19141 Greenfield Road, Detroit) on Saturday, June 10, 2017, at 11:00 a.m. This event is open to everyone.

In order to plan for lunch and to determine our project scope, please RSVP to 989-797-4243 by June 3rd if you would like to help or if you have any questions.

School and Local Government Contract Wrap-Up

There has been a flurry of activity at the bargaining table in our School and Local Government units. Here is a quick run-down of some of the successes we have achieved at the bargaining table.

Saginaw Public School members ratified a wage-reopener with a 2% wage increase in May. This was the first raise they have received in 10 years.

Aramark Mt. Pleasant School members ratified a new two-year agreement. Employees will receive one additional paid snow day, 2% for each year of the contract and new hires starting rate of pay at \$9.25 effective 2017 year.

Hope Network/New Passages ratified a new three-year agreement. This agreement included wage increases and bonuses.

Scientific and Engineering Members Supporting Future Members



Kim Lariviere.

Scientific and Engineering unit members and retirees met at the Wexford Montessori School in Lansing to work with members of the 2020 Girls Club during an open house on May 16th. After talking to the girls about careers in the sciences and engineering they were able to observe a 3-D printer in operation. The SEIU members and retirees that attended were (pictured L-R) Carla Ahleschwede, Lisa Brown-Whaley, Tracie Leix, and

The 2020 Girls Club inspires middle school girls (ages 9–13) to pursue studies and careers in science, technology, engineering and math (STEM) critical to the Lansing area. 2020 Girls is a partnership between the Information Technology Empowerment Center (ITEC) and the Capital Area United Way Women’s Leadership Council. Participation in 2020 Girls helps girls develop concrete skills that serve them well in school and future careers. Courses in robotics, game design, and programming require students to learn new concepts, hone existing skills, and put their theoretical knowledge into immediate practice.

Thousands of Pounds of Food for 25th Annual Stamp Out Hunger Food Drive



On Saturday, May 13, 2017, the National Stamp Out Hunger Food Drive was held. SEIU members volunteered at events and donated non-perishable food items to help Michigan families put food on their tables. All donated food went to food banks in the local areas where it was collected by letter carriers and volunteers. Thank you to everyone who set out food for pick-up. (Pictured L-R: Steve Lamb AFL-CIO Community Service Labor Liaison United Way of Saginaw, SEIU Labor Rep Darliane Blackmon, and Angie, a US Postal Service worker)

In Saginaw, SEIU Labor Representative Darliane Blackmon and other member volunteers helped at the Cumberland Post Office in Buena Vista Township along with other labor union members. In total, 90,000 bags of food donations were collected for local food banks to be distributed to residents in Saginaw County.

Lobby Day Recap



Members met with their elected representatives and senators to discuss issues important to them and their families. Pensions, healthcare, and public services funding were discussed. Some meetings were in their offices and a lunch

On Wednesday, May 3, 2017, SEIU Local 517M held our annual Lobby Day at the Michigan Capitol. This year we were joined by members and retirees from the Michigan State Employees Association, AFSCME Local 5. (Pictured left, members meet with Rep. Thomas Hooker R-Byron Center) (Pictured below: SEIU members meet with Rep. Vanessa Guerra D-Saginaw, front row 3rd from left)



was held where legislators came in to talk to the group.

A Review of the Community Services Activist Training

I attended the Community Service Activist Classes put on by the UAW and United Way in Lansing. It was an excellent experience. Each of the 8 weeks we had speakers from the community teaching us about their agencies that help people. Not only were we given great tools and contacts, other people in the class shared information they had as well. It really did my heart good to know there are agencies and volunteers that are willing to step up and help those in need. In fact, I got inspired by our last subject, Foster Care for Children. I am now involved with the UAW Labor Liaison and other HSS Unit members of the Lansing RICC/PRO in making quilts for children in Foster Care. The quilts will be distributed to children entering the Foster Care system. I would recommend this training to anyone that is proud of their community and wants to help people.

**Cynthia Swain, Unemployment Insurance Examiner 10
Unemployment Insurance**

Wayne State University Member Returned to Work After Arbitration Win

Wayne State University Custodial Supervisor Sherri Vaughn was suspended from her position on May 13th 2015 for what administrators alleged was "gross misconduct and negligence." Her suspension was converted to a termination on May 18th 2015. WSU administrators claim that Ms. Vaughn was responsible for issuing unauthorized payments of non-contractual overtime to the President of the American Federation of State, County and Municipal Employees Local, (AFSCME) an employee under her supervision.

On February 21st 2017 Ms. Vaughn's arbitration hearing was held on the campus of WSU with Arbitrator Mark Glazer presiding over the hearing. Through witness testimony, and documentation we were able to prove that Ms. Vaughn's responsibilities as a supervisor are limited to reporting the number of hours worked by the employees she's responsible for supervising and not authorizing overtime pay. Ms. Vaughn was only responsible for submitting to her supervisors on a bi-weekly basis, the hours worked by each employee, not overtime or payment of overtime.

On May 5th, 2017, Arbitrator Glazer determined that Ms. Vaughn was not responsible for the alleged unauthorized overtime payments. He determined that this termination was issued without just cause and awarded that Ms. Vaughn be made whole for all lost wages and benefits dating back to May 13th 2015.

"I want to thank the SEIU 517M Executive Officers," said Ms. Vaughn. "I took my case to the Executive Officers and they felt that my grievance had merit. I really want to thank Danny [SEIU Labor Rep Danny Ritter] also, he was very good in representing me."

Leadership Coin Earned

Over the past 16 months, Scientific and Engineering Unit members Tom Tederington, Michelle Kusnier and Tracy McDade of the Michigan Department of Agriculture and Rural Development's Food and Dairy Division have served as the department's core "on the

ground” staff for the Flint water crisis response team. While many other employees worked on this high priority issue, these three were the nuts and bolts in maintaining continuity and relationships with our Flint-area businesses on a daily basis. Each of them also provided leadership and guidance on how best to structure the Food Section response, as well as just-in-time training for other staff who assisted.

Local Staff Members Elected to AFRAM Leadership

SEIU Local 517M Labor Relations Specialist Andy Johnson has been elected to a third term as the AFRAM National Central Region President. Also, SEIU Local 517M Administrative Support Staff Stephanie Teamer was elected to the Central Region Executive Board as the Recording Secretary. The election took place during the AFRAM National Leadership Conference in April, 2017.

Members Only Benefit: Making College Affordable and Convenient for Every SEIU Member!



SEIU has partnered with College for America at Southern New Hampshire University, a national, fully-accredited nonprofit college designed specifically for working adults. The associate’s and bachelor’s degree programs are dedicated to helping you develop valuable skills and gain experience in technology, communication, team-building, and more that you can immediately apply to your work—all at a low cost.

How does it work? College for America has a simple yet revolutionary approach to education: learn and demonstrate mastery of competencies by submitting real-world-projects—instead of sitting through classes and taking exams. Complete projects to achieve defined goals and earn your degree.

Available degree programs:

- *Bachelor of Arts (BA)*: Communications, Healthcare Management, Management
- *Associate of Arts (AA)*: General Studies, Healthcare Management
- The cost of tuition is only \$3,000 per year (or less), with no additional fees.
- Federal student aid and financing available.
- Coursework is available online, 24 hours a day, 7 days a week. Complete online projects that are relevant in the workplace.
- Advance faster by applying what you know and set your own schedule.
- Get help from a dedicated Learning Coach assigned to you.

For more information, please register or sign-in at www.seiumb.com.

Annual Meeting is July 21st in Lansing

MAKE PLANS NOW . . . to attend the SEIU Local 517M Annual Conference and invite your co-workers! The conference location has changed from what was reported in the May E-Former. The conference will now be held at UAW Local 6000 (3350 N Grand River Ave, Lansing) on **Friday, July 21, 2017**. A light continental breakfast will begin at 9:00 a.m. The Membership Meeting will begin promptly at 9:30 a.m. and end at 4:00 p.m. To register, simply send an email with the subject line reading "Annual Meeting" to cwilson@seiu517m.org with your name and contact phone number by **Friday, July 7th**.

This year's agenda includes exciting information from elected leaders, staff and guest speakers, the annual "Member of the Year" presentations, updates from our various Caucus' and Committees, a chance to meet and talk with the leadership of SEIU Local 517M, and an opportunity to be involved in the future of SEIU Local 517M. There are even a few surprises planned! **Come Participate in YOUR Union!**

Calendar of Upcoming Union Events for June, 2017

June 5: Scientific and Engineering Unit Board Meeting
June 10: City of Detroit Community Cleanup at Peterson Park
June 15: Technical Unit Board Meeting
June 20: Human Services Support Unit Board Conference Call

For more information on the above events, consult our on-line calendar at:
<http://www.seiu517m.org/events/month/>

The monthly subscription for the E-Former is included in your membership dues payment and is intended for members in good standing of SEIU Local 517M.

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