MEA SUMMER 2005 NEWSLETTER

<u>The House of Labor</u> – The Federal government recently announced that the salary of unionized workers are on average 28% higher than the salary of non-unionized workers in the same profession or trade. The media release did not include the differences in quality and cost to workers of pension and medical benefits. On the local level, hidden in the announcement of the 14,000 Hewlett-Packard layoffs was the abolition of the company's defined benefit pension plan. Some senior workers will retain the current model, new hires will be provided a 401 plan, and many current employees will move to the 401 plan and see a large reduction in their anticipated pensions. No union-administered, (as distinct from a union-management negotiated pension plan) has done as badly for its workers as the new economic giants like Hewlett-Packard.

There is no doubt that the change from a manufacturing to a service/information economy is a significant and major challenge. As globalization confronts workers with ever-bigger--often multi-national--employers, it becomes difficult for American workers to organize and secure economic improvements. The merger of employers into greater entities also works against the economic interests of workers. Can you think of a recent merger that resulted in wage increases and more jobs as opposed to economic concessions and layoffs? President Truman once remarked that America was better off with one hundred four-million-dollar insurance companies than one four-hundred- million dollar insurance company.

Fifty years after the creation of the AFL-CIO, Union membership has dropped from 35% of the work force to 12.5%, and less than 8% in the private sector. The SEIU, Teamsters, United Food and Commercial Workers, HERE, Laborers International Union, and the Carpenters and Joiners Union, with a total of 5 million of the AFL-CIO's 13 million members, are seriously considering leaving the AFL-CIO and forming a new Organization "The Change to Win Coalition." The principal difference is the coalition belief that the AFL-CIO spends too much time, money, and energy lobbying and directing the political efforts to elect labor-friendly candidates. The Coalition believes the energy should be spent on organizing more workers which would increase Labor's political clout. Others believe that the Coalition is just a power grab and a license to raid other unions.

Since President Reagan broke the Air Traffic Controllers' 1981 strike, labor has been in retreat. Changes in the economy, globalization, and concentration of economic power in fewer hands have been coupled with changes to the National Labor Relations Board law that make it extremely difficult to organize workers. Labor's political effort is directed to benefit mostly Democratic Party candidates. Union members made up 14% of voters, and people from Union households made up 24% of the vote in the 2000 Presidential election. By a 3 to 2 margin, those votes went to John Kerry. Yet as organized labor decreases, Democrats often take neutral or small steps in favor of union legislation. Often Union leaders are promised that if elected, the politician will take positions and policies regarding employee-employer relations that will be more neutral. After 25 years of attack, American workers need positions to be filled and policies enacted to support and not be neutral to organizing labor. Otherwise, the ongoing trend that sees the top 1% of Americans owning an ever increasing percentage of America's wealth will continue, and we will increasingly become a nation of "haves and have nots". While MEA is not affiliated with either group, many of us were members of affiliated Unions. Many of are still dues-paying members of Unions. Regardless of your membership status, watch what is happening at the Chicago convention. The results may be significant for our children if not ourselves.

<u>Pension News</u> – By now you know the Mayor's pension proposal has been rejected by SEIU and Local 21. Other Unions might have continued discussions, but without support from the two large Unions and the late start of the discussions, the effort was doomed.

The heart of the Mayor's proposal was to increase the service factor from 2% @ 60 to 3% at 65 and the maximum pension from the current 75% to 80% for employees with 20 years or more of City service only.

Employees with less than 20 years would retain current benefit levels. In return, employees would continue to pay the 7.5% retirement contribution beyond June 30, 2006, when the City has negotiated to resume making those payments.

The Mayor's representatives did not offer any specific cost to the new proposal and essentially indicated that it was a "take it or leave it proposition." The large Unions thought the timing for the November ballot was too short, and also thought that any retirement enhancement would feed the fires of the "Richmanites" who are likely to propose an elimination of defined benefit pension plans for all California Public employees. Other Union representatives believed the first year cost of the proposed benefit to be closer to 5%, not 7.5%. Unions acknowledged that the combination of this year's salary increases and the City's resuming the 7.5% payment will increase payroll costs by at least 13.5% over the June 30, 2005 costs. This is a significant increase; however, it follows two years of wage freezes. If the 5% estimate is correct, the City payroll cost increase would be lessened to approximately 3.5%, and Unions believed more of the savings should be shared with workers. There will be no retirement measure on the ballot for City and Court Employees before June 30, 2006 at the earliest.

Negotiations and Contract News – HOUSING AUTHORITY – In a letter dated June 22, 2005 the Authority's Administrator stated that for the fiscal year commencing October 1, 2005 HUD has advised the Authority that funding will be reduced by 11%. The Authority is also anticipating funding reductions in other appropriations such as the capital fund and Section 8. The letter continues, "It is impossible for the Housing Authority to continue our current mode of operation with these substantial budget cuts. We are currently reviewing our budget, but we anticipate that workforce reductions affecting some of your members may be necessary…This correspondence is notification of possible anticipated layoffs".

Participation by members has increased as we approach negotiations. The questionnaires have been analyzed, and the results will soon be made available. To facilitate communications the current MOU and relevant portions of the PERS contract will be posted on the MEA web site (www.sfmea.com).

Pro Public Housing Forces--including legislators--are attempting to increase funding. We are tracking their efforts. The truth is that until we have a better grip on what the actual 2005-06 budget will be, we are less active than we would like. An August membership meeting will be announced to discuss these issues.

COURTS – The passage of the State budget has provided increases to the AOJ. Those increases are sufficient to provide a December salary increase. AOJ staff is reviewing the numbers. We expect the specifics to be known in the next few weeks and will share the information upon receipt.

CITY – the July 2% increase is on the checks; similar increases are due in November and May. The 7.5% employee contribution is to be assumed by the City as of July 1, 2006. The anticipated discussions regarding Civil Service reform and MCCP are anticipated to begin shortly. Regarding employees' MCCP requests for reconsideration of the recommended allocation – of the last 36 requests DHR has agreed to 11 and, although15 others didn't get what they asked for, they are still recommended for some salary increase. More information will follow.

MTA – Members at MTA have received the results of the recommended allocation process. Of the 48 positions allocated, 34 are recommended to higher-paying classifications, 12 to equal-paying classifications and 1 to a lower-paying classification. As you are probably aware, before leaving, Michael Burns reorganized the reporting relationships of several managers with the intent of creating a more logical schema. MEA was advised that acting pay would be provided to some members and no reductions due to this reorganization would ensue. The big question is who will succeed Michael, and whether MTA will continue on the path of negotiating a contract separate from the City agreement upon the expiration of the current City Contract effective July 2006.

CPI/Cost of Living – FYI an unchallenged exhibit provided by the City in the MAA arbitration stated the following:

Wage Increases v. Consumer Price Index

	June 2001	February 2005	Increase
CP –U	190.9	201.2	5.4%
CPI-W	186.9	197.3	5.6%

Note: CPI-U covers urban consumers, 87% of total population; CPI-W for Wage earners and clerical workers covers 32% of the population. Obviously, some people are double-counted.

For comparison, the MEA Miscellaneous contract has or is scheduled to provide the following increases:

3% 7/1/01	2% 1/5/02
2.5% 7/1/02	2.5% 1/4/03
1% 7/1/03	
2% 7/1/05	2% 11/5/05
<u>2% 5/6/06</u>	

Total 17% compounded = 18.3% - 7.5% (employee retirement contribution concession)

= 10.8%

Website – We've updated the website. Please check it out at www.sfmea.com. If you have comments or questions, please contact us at the office.