UNION NEWS

AFT LOCAL 2279
2126 K STREET
P: 916-448-2452
F: 916-448-1480
www.lrcft.org

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FACULTY AS SCAPEGOATS: ATTACK THEIR PENSIONS AND UNION

By Dean Murakami

The media frenzy concerning our pensions can be summarized by the recent news headlines from the Sacramento Bee and other news organizations.

Six-figure Pensions Surge for Sacramento County

$100,000 Pension Club of Retirees in California is Booming

Six-figure Pensions SOAR for California School Adminisrators

Reform Public Pensions or Perish

These headlines and stories seem to imply that a teacher's pension of $100,000 is typical; that we do not earn our pension or that we don't contribute towards our pension; that the state is the primary contributor to our pension system; and, that we are the primary cause of the state deficit. Unfortunately, theses headlines seem to resonate with the public as reflected by these blog responders:

"It can change tomorrow if they just break the union contract and start acting responsibly."

"Time for candidates to run on platforms declaring war on public sector unions. It's us versus them, and there are way more of us, just need politicians with balls."

"But they must deserve it, with all the carpal tunnel they got from pushing those pencils around at work!"

"Only strong medicine that nearly kills the patient can wipe out a massive parasite infection, and parasites we have."

People making over $100,000 in CalSTRS pensions are only 2% of retirees, are mostly administrators, and earn that level of pension only after a long career in the system. In addition, some of these retiree statistics combine the pension benefits of married couples when both participated in the CalSTRS system and one spouse has died. And, with the retirement of the baby boomers, it doesn't require a PhD to realize that the number of retirees will increase. And, most of those retirees will have spent many years serving the people of California.

We contribute 8% toward CalSTRS, the District contributes 8.25%. The State

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contribution to all public employee pensions (CalSTRS and CalPERS) has actually declined over the years from 4% to about 2%. In addition, the contributions to CalSTRS by the employee, employer, and state are determined by the legislature, not by any contract with the unions. So is that 2% state contribution to pensions ($5.1 billion total to CalSTRS & CalPERS combined) the primary cause of the state budget deficit? Did unions and our pensions cause the record unemployment and loss of sales tax? Did unions and our pensions cause the housing crisis and loss of property taxes to municipalities?

What about hybrid plans? CalSTRS has a hybrid plan that helps prevent spiking, called the Defined Benefit Supplement Program (DBSP). While we contribute 8% to CalSTRS, from January 1, 2001 through December 31, 2010, 2% (1/4

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of the contribution) went toward the DBSP. In addition, money paid for overtime, overload, summer school, intersession, stipends paid to department chairs, and any earnings above the yearly salary goes into the DBSP. The DBSP earns a 4.5% annual return to the employee.

There is no question that the loss of investment revenues in CalSTRS has increased the unfunded liability and we need to reverse that trend. Luckily, investment returns have picked up recently with CalSTRS reporting a 23.1% return which is the highest in 25 years. Unfortunately, it is not enough to make up for the investment losses during this recession. As a result, some level of pension reform will be necessary. However, it will be a question of whether it is done responsibly through recommendations from the CalSTRS Board or directly through the legislature and Governor or via the initiative process. It seems that everyone is an expert about our pensions, except us. There is no doubt that pension reform is on the way, but will public sentiment take away the pension benefits from all of us?

SB 27 (Simitian) would have made minor modifications to the CalSTRS DBSP and prevent a faculty member who retires from returning to teaching for six months. Thus, a faculty member who retires in May/June could not teach part time until the following January. In addition, the money owed to the retiree from the DBSP would be delayed for six months. While this legislation did not pass this year, it will be brought back in 2012 along with many other retirement bills. It seems that a number of legislators want to make news with their retirement reform packages.

A number of retirement initiatives have been filed with the Secretary of State's office and are in the signature gathering stage to qualify them for the November 2012 election. Here are some of them.

1. Modifies public employee pension benefits. Eliminate authority to set public employee retirement benefits by contract or collective bargaining. Initiative constitutional amendment.
a. You must be 62 years of age to receive retirement
b. Limits any retirement to 60% of highest 3 year average
c. Requires equal match of employer/employee contributions
d. Applies to all current employees

2. Requires minimum investment by public pension or retirement systems in California businesses. Initiative constitutional amendment.
a. 85% of funds must be invested in California

3. Increases income taxes on teachers, nurses, police officers, firefighters, and other public employees for pension income. Initiative constitutional amendment.
a. Tax public pensions over $100,000 at 15%
b. Applies to STRS and PERS retirees

4. Increases retirement age for teachers, peace officers, and other public employees. Initiative constitutional amendment.
a. Must be 65 years of age for full retirement benefits

With these attacks on our pensions it is important that we have someone on the CalSTRS Board that will represent community college faculty. For the first time ever, community college faculty have the opportunity to elect someone to the CalSTRS Board in 2011.

It is not clear how many of these initiatives will get the necessary signatures to qualify them for the November election, but this is a determined group of tax reformers that only need one good corporate sponsor. We will keep you updated.

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All community college faculty who are in CalSTRS will receive a ballot by mail on October 1st. Only community college faculty will be able to vote online or by phone for this Board seat. It is absolutely critical that all Los Rios faculty participate in this election. LRCFT has endorsed Sharon Hendricks for the CalSTRS Board. She is a faculty member at Los Angeles Community College, on the Executive Board of the Faculty Association for California Community Colleges (FACCC), and a member of the California Federation of Teachers (CFT). She has been regularly attending the CalSTRS meetings the past three years; she has already developed a critical understanding of the issues facing CalSTRS and has established a working relationship with the CalSTRS Board. She has been endorsed by FACCC, CFT, and the Community College Independents. I have worked with Sharon Hendricks at the State Capitol on retirement issues and budget; we work together on the FACCC Executive Board, and she is someone with whom I can easily discuss critical retirement issues that concern faculty. I urge you to vote for Sharon Hendricks to the CalSTRS Board.

It is absolutely critical that all Los Rios faculty participate in this election.

I encourage you to attend the next LRCFT/FACCC Pension, Health, & Benefits Conference to keep up-to-date on your pension and district benefits. We have the conference every year during the fall Flex week. About 100 faculty attended this year, and we hope to see more of you there next year. This conference is not just for those about to retire, this is for all faculty, especially new faculty who need to understand their benefits and plan their pension strategy. I strongly encourage you to attend next year where we will discuss any pension changes, many of the District benefits, which few know about and even fewer take advantage of, and we will clarify the benefits within the LRCFT contract.

I also want to mention that there are two clearly anti-union initiatives that are in the signature gathering stage.

1. Eliminates Collective Bargaining Rights for Teachers, Nurses, Police Officers, Firefighters, and Other Public Employees.

This initiative would end LRCFT's ability to represent faculty while negotiating salary and benefits with the district. We believe the working conditions, salaries, and benefits in Los Rios are the result of a strong collective bargaining position we have with the District. LRCFT's commitment to fiscal stability and responsibility are part of the reasons why Los Rios is a great place to work. This kind of initiative fosters an atmosphere of mistrust between employees and employers.

2. Prohibits Political Contributions by Payroll Deduction. Prohibitions on Contributions to Candidates. Initiative Statute.

LRCFT fights hard to get local politicians elected that support community colleges. This initiative is designed to end unions as a credible player in elections. This is a Wisconsin-style initiative which would require unions to get individual members to sign for voluntary contributions every year. It would also prohibit unions from contributing to candidates. What is most egregious and deceptive about this initiative is that while it states that it will do the same for corporations, the fact is corporations do not use employee contributions for funding their political activities. Indeed, the proposed initiativet specifically states: "Other political expenditures remain unrestricted, including corporate expenditures from available resources not limited by payroll deduction prohibition." Corporations outspent unions 11 to 1 in the last election, and now they want to make sure unions are eliminated completely. This is a highly deceptive initiative that aims to remove unions from the political process.

Lastly, I want to say that I had a great time marching with the United Farm Workers (UFW) as they went up the Central Valley. While I did it for two days, a number of them did the whole 167 miles. It was reminiscent of our March for California's Future last year. The UFW march was responding to Governor Brown's veto of the Farm Worker's Bill that had passed the legislature. It looks like a compromise has been reached and an amended bill will be signed by the Governor soon.

I hope that all of you are doing great this semester, especially in these very difficult budget times. Classes are overflowing and more is asked of you every day. LRCFT will continue to do its best to keep us moving forward, work with the district, lobby the Capitol, and work with our constituency groups.