



A Union of Professionals

AFT Michigan
AFL-CIO

CAPITOL REPORT

March 2009

MEA Retirement Plan Declared Dead

Senate Bill 255 (Kuipers, R-Holland) and House Bill 4285 (Miller, D-Mt. Clemens) died in their respective Education Committees because of concerns over the potential costs to the Michigan Public School Employees Retirement System. The proposal would have caused the MPERS health care and pension contribution rate charged to school districts to increase.

AFT Michigan had serious reservations about this proposal being in the best interest of all our members, working and retired. While we agree on the goal to minimize layoffs, we fear this proposal contained many unintended consequences.

For a detailed explanation of this proposal, please refer to the February 2009 Capitol Report online at: www.aftmichigan.org.

AFT Michigan Urges Blocking of Senate Tax Cuts

AFT Michigan joined fifteen other groups in asking the House to block movement on tax cutting measures coming out of the Senate. Their letter warns lawmakers that the bills will cut local and state revenues at a time when those entities already are dealing with revenue shortfalls.

The groups' letter in opposition to SJR H and Senate Bill 246 states, "We understand the temptation and appeal of cutting taxes during difficult economic times, but tax cuts are not the answer. As you know, Michigan faces a serious structural budget deficit problem. Cutting taxes will only exacerbate that problem. We urge you to resist the temptation to cut taxes and instead to look at reforming and modernizing Michigan's revenue structure to create revenue sources that are adequate, fair and stable. If you choose this path, we pledge our support to work with you to improve both the fairness of Michigan's revenue system and its responsiveness to a changing economy and the growing demand for public services."

The letter was signed by officials from AARP Michigan, **American Federation of Teachers Michigan**, Michigan AFSCME Council 25, Michigan Association of School Boards, Michigan Coalition For Children and Families, Michigan Community College Association, Michigan Council for Maternal and Child Health, Michigan Education Association, Michigan League for Human Services, Michigan Municipal League, Michigan Nonprofit Association, Michigan Osteopathic Association, Michigan Primary Care Association, Michigan's Children, Middle Cities Education Association and Presidents Council, State Universities of Michigan.

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School District Sinking Funds

Under current state law, with voter approval, a school board can levy up to five mills on the district's state equalized valuation for up to 20 years, in order to create a sinking fund. Currently, the law says a sinking fund is to be **used only to purchase real estate for school buildings and for the construction or repair of school buildings.**

House Bill 4313 (H-5)(Meadows, D-East Lansing) **would allow school districts to use sinking funds for the purchase or major maintenance of buses or for the acquisition or upgrade school technology.**

The bill would also allow a **levy of up to five mills on the "taxable value of the real and personal property" of the school district** rather than five mills on "the state equalized valuation of the school district."

Additional provisions included in House Bill 4313 include:

- ▶ **Sinking funds would have to be renewed every 10 years for transportation or technology and every 20 years for current uses.**
- ▶ **Districts could seek a new fund or renewal of an existing fund only during a May or November election.**

If school districts could use sinking funds to pay up front for costs they otherwise would have to bond for, it would allow them to avoid both interest costs and legal fees associated with bonding. **House Bill 4313 has passed the House and is on its way to the Senate Education Committee.**

First Class District – Detroit Schools

House Bill 4047 (Substitute H-1) (Scott, D-Detroit) would specify that a school district having a “first class school district” designation as of September 1, 2008 would continue to have that designation until July 1, 2010, regardless of its pupil membership. Currently, a school district needs 100,000 students to be classified as a district of the first class.

House Bill 4047 originally would have dropped the pupil count required for a first class school district, (Detroit is the only one in the State) from 100,000 to 60,000 to reflect the district's loss of students. But the committee substitute instead allows DPS to keep its status until July 1, 2010, without changing the enrollment threshold. The July date is supposed to coincide with the term Robert Bobb, the financial manager appointed by Governor Jennifer Granholm, has in his contract.

"First class" districts operate under a different set of state regulations from all other school districts (known as "general powers" districts). The law dealing with "first class" districts addresses, among other things: school board composition; school board officers; school board meeting locations; board member personal interest in contacts; required annual audits; voting procedures; public communication; condemnation proceedings; bond sales; contracts; and public safety. The law also limits the creation of charter schools in such a district.

House Bill 4047 has been approved by the House Education Committee and is currently on third reading before the full House.

Unions Urge Government Efficiency Panel to Not Make Cuts

Labor organization officials urged the Legislative Commission on Government Efficiency to broaden their focus beyond making program cuts or turning state services over to private companies in an attempt to make state government more efficient.

The state has both reduced its workforce over the years and required concessions in both wages and health care benefits from state workers. Labor officials said some efficiencies should be made by reducing the number of managers, particularly when a program has been scaled back. They suggested that cost saving could result from giving work to in-house employees rather than to consultants.

AFT Michigan President, David Hecker, argued that the proposed consolidations and categorical cuts are not in the best interest of Michigan's future. He said that Michigan does not have a spending problem, it has a revenue problem and suggested that the state needs to adopt a more progressive income tax structure that is "fairer" and "designed to produce more revenue." He spoke in favor of one of the commission's workgroup recommendations to expand the base of the sales tax to bring in more funding.

The commission will not look into what to do with the federal stimulus dollars coming to Michigan. It is more likely the panel's recommendations will be addressed in future budgets because when the stimulus money is spent, Michigan will still face a revenue problem.

The panel also discussed asking for a full-time staff on an ongoing basis to address how departments carry out the recommendations of the report. The full panel continues to work on its preliminary presentation to the Legislature, which is expected to be ready in the spring, ahead of the June deadline. The commission will meet again on April 2.

Employee Free Choice Act

The House has adopted a non-binding resolution asking Congress to pass a law that would allow workers to unionize after collecting signatures of support from more than 50% of the employees. Representative Tory Rocca (R-Sterling Heights) joined all 66 House Democrats in supporting passage of the Employee Free Choice Act at the national level.

The Employee Fee Choice Act, would revise federal labor law which **would authorize the National Labor Relations Board to certify a union as the bargaining representative when a majority of employees voluntarily sign authorizations designating that union to represent them; provide for first contact mediation and arbitration; and establish meaningful penalties for violations of a worker's freedom to choose a union.**

Current law requires that 30 percent of the employees sign cards indicating their support for a union before the National Labor Relations Board calls for a secret ballot vote. **Under the Employee Free Choice Act, once 51 percent of employees indicate their support for a union, it could immediately go into effect without a secret ballot.**

House Resolution 10 has been forwarded to the United States Congress. AFT Michigan supports this resolution because we believe that it will make it easier for unions to organize and will lead to more collective bargaining between employers and employees.

ACTION NEEDED: Please go to the following link on the national AFT website to send a letter to your United States Congressman supporting the Employee Free Choice Act: <http://www.unionvoice.org/campaign/EFCA022509>.

Budget Update

House appropriation subcommittees are expected to report their education budgets to the full House Appropriations Committee on March 26. The House is expected to act on the School Aid, Higher Education, Community College and Department budgets the week of March 31. We will have our analysis of these bills available at the Bargaining Conference on Saturday, April 4.

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