



Your Union Newsletter

MARCH - APRIL, 2015

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President's Corner – 2015 WPEC Convention

Submitted by Greg Georg

The WPEC Annual Convention will be held on Saturday, April 25th at the Dane County United Way building, 2059 Atwood Avenue, Madison. The convention will begin at 9:30 am with registration beginning at 9:00 am.

The annual convention is the highest decision-making body in WPEC. During the convention, all attending members have an equal voice in steering the direction of the local over the next year. It is an excellent opportunity for members to begin being more active in our local, state, and national union. Attending members may be reimbursed for mileage and lodging if eligible, per WPEC policy, when traveling from outside the Madison area.

The business of the convention will include:

- Election of delegates to the 84th AFT-Wisconsin Convention which will be held October 23rd – 25th. (Location of the AFT-W Convention is yet to be determined.)
- Discuss and develop WPEC's goals for the upcoming year.
- Vote to approve/disapprove proposed constitutional amendments and resolutions submitted by the Executive Council and members-at-large.

In addition to the above items we will also discuss issues WPEC is facing and what steps we need to take now and over the next couple of years.

Any member in good standing is eligible to attend the convention. However, in order to have sufficient space, materials, and refreshments available, we ask that those who plan to attend the convention register in advance, if possible. We also welcome all Associate Members of WPEC to attend the convention and ask that they also register in advance. Although Associate Members are not eligible to vote, we welcome and value their input in discussion and their insight about how to move forward in these difficult times.

Registration is now open for the convention. To get to the registration form, go to <http://tinyurl.com/2015-wpec>.

Downtown Madison All Union Meetings

Submitted by Sue Handrich-Herr

The GEF-1 Employee Brown Bag Council meetings held the last Tuesday of every month appear to be a success. The meetings scheduled for the next three months are:

April 28, 2015; Discrimination and Harassment

May 26, 2015; FMLA (Family Medical Leave Act)

June 30, 2015; Reasonable Accommodations

The group has decided to continue the meetings for the remainder of 2015. We will be meeting in April to select topics for the remaining meetings. That schedule should be available by the next newsletter.

Inspired by the meetings at GEF-1, an All Union Meeting has been scheduled at the Dept. of Health Services building to discuss topics of interest to all union employees. That meeting is scheduled April 8, 2015 from 12:00-1:00 at the DHS Building, 1 W. Wilson St., Room B145. All union members in the downtown area are welcome to attend. Please join us for what we hope will be the first of a regular series of meetings at that location.

Sharing is Good for Everyone

Submitted by Phil Anderson, Retiree

A basic principle of insurance is the sharing of risk. By sharing or "spreading" risk across a population, each person has less exposure to calamity. The more people, the more the risk is spread. This is how all insurance works, whether it is private coverage or social programs such as Medicare or Social Security. Your state retirement is no different.

WRS is strong and provides solid retirement benefits for many reasons. One of them is that it *spreads the investment risks* across about 600,000 people. It also spreads risk across time and generations as younger employees replace older retiring employees. Unlike a 401K or private savings plan, the security of your current or future retirement annuity does not depend solely on the investment return of your personal account. Instead, monthly annuities are backed by three income streams: contributions of current employees, contributions of employers, and the investment returns from pooled funds. If the number of employers or employees decreases, the whole system is weakened. This is why giving younger employees the "flexibility" to opt-out of WRS is not a good idea. Neither is giving people the "freedom" to manage their own individual accounts or to convert to 401K plans. The truth is most *will not* manage it better.

Objections to Walker's austerity agenda should not be viewed as self-interest. Simply put, his agenda is bad policy. Public education and public services are the foundation of a strong economy. Our UW Madison campus is world class. Our merit civil service system is one of the best in the country. Wisconsin's Workers Compensation program is a leader in the nation. Why mess with a wildly successful program by dividing it between two inexperienced agencies (Administration and Commerce)? Evidently the governor has never heard the old adage: *If it ain't broke, don't fix it!*

We can afford excellent public schools and quality public services. In fact, we *cannot* afford to cut essential services. Wisconsin budget problems were created by reckless tax cuts and fiscal mismanagement, and they can be fixed by closing tax loopholes and *collecting taxes due* from everyone.

The truth is we are *all* better off when we share. So when politicians start talking about giving people more "freedom" or "flexibility," hold on to your wallet. They may have an agenda that does not include your future security or your best interests.

Wisconsin Retirement System Rumors

Submitted by Sue Handrich-Herr

There has been a lot of speculation and rumors about the UW System being separated from the Wisconsin Retirement System (WRS). Those rumors are unfounded.

The Governor's proposed budget specifically stated that with the conversion of the UW System to a public authority, they would still be required to participate in the WRS retirement and state health insurance systems. As budget negotiations have progressed, even the prospect of becoming a public authority may no longer be the case.

Concerns about changes to the WRS system that may cause instability to the fund are certainly understandable. Almost every current or former state worker has a dog in that fight. Let me assure you that keeping tabs on anything that may affect that system is one of our top priorities. And we are aided by some very committed organizations that are dedicated to protecting it.

The best thing that you can do to help protect the system is to make sure your local union has accurate, up-to-date contact information for you, so we can notify you in the event of a threat.

How Much do Management Fees Diminish Your Retirement Assets?

Submitted by Jim Newton, Retiree

Suppose you put a lump sum in an account earning at the rate of 5% per year, and leave it for 40 years. Because of compounding, you will accumulate interest equal to 6.3875 times the original lump sum. Now suppose there is an extra 0.5% management fee. What portion of your expected accumulated interest will disappear? Because 0.5% is one-tenth of 5%, you might guess that 10% would disappear. But the correct answer is that nearly 21% of your accumulated interest would be gobbled up by this seemingly modest 0.5% fee!

The formula for compound interest is $P_t = P_0 \cdot e^{(r \cdot t)}$, where P_0 is the starting value, r is the interest rate (per year), t is the time in years, and P_t is the value after t years. "e" is the mathematical constant equal to approximately 2.718.

With an initial values of \$10,000, 5% and 40 years, $P_{40} = 10000 \cdot 2.718^{(.05 \cdot 40)} = \$73,875$, for an accumulated interest of \$63,875.

With an extra 0.5% fee, initial values are \$10,000, 4.5% and 40 years. $P_{40} = 10000 \cdot 2.718^{(.045 \cdot 40)} = \$60,485$, for a gain of \$50,485. So the shortfall would be $(\$63,875 - \$50,485) = \$13,390$. The fraction lost would be $13390/63875 = .2096$, nearly 21%.

You can do your own calculations with different interest rates and time intervals. Most computers come with calculator apps that allow you to do exponentiation, or you can do an internet search for an easy-to-use "compound interest calculator".

No wonder third-party hustlers are so anxious to manage pension funds. A small-sounding annual management fee amounts to a surprisingly large slice of your assets over time.

The Backslide Continues

Submitted by Sue Handrich-Herr

State employees can't seem to cut a break. After a couple years of furloughs, followed by double digit cuts in take home pay through increased contributions to retirement and health insurance, and two years of measly 1% pay increases coupled with a 10% coinsurance take back, state employees are in for another biennium of moving backwards.

The Governor's proposed budget does not include any pay increases for state employees in the next two year period. The Legislature could add them into the budget, but let's be realistic.

The budget does include an expected reduction in overall health insurance costs of \$25 million statewide over the next two years. What that means is changes to our health coverage that will result in more money out of our pockets.

Changes being considered for 2016 are introducing a deductible, increasing out of pocket maximums, changing from a coinsurance model to a copay, and increasing the copay for brand name drugs. Final recommendations for changes to the health insurance program for 2016 will be presented to the Group Insurance Board for review and approval on May 19th.

For a full list of proposed changes being considered see: http://etf.wi.gov/news/ht_20150327.htm

Hold onto your wallets.

Attacks on Private Sector Workers

Submitted by Sue Handrich-Herr

On March 9th, Governor Walker signed right to work legislation that made Wisconsin the 25th state to enact such a law. That law made it possible for employees of private sector unions to opt out of paying dues, thereby weakening the unions. Many unions, still under contract, will not see the effects of this decision for a while yet. But we can tell from our experience the effects could be devastating.

Now the legislature wants to go one step farther. Prevailing wage legislation has been introduced that would eliminate the requirement for government agencies in Wisconsin to require all contractors to pay the prevailing wage to their workers. Currently contractors, primarily in construction trades, that work on public sector jobs must pay their workers a wage comparable to the industry standard for that trade. It is similar to the principle behind the Obama Administration's mandate that all Federal contractor's employees must be paid at least \$10.10.

The regulation has two benefits. It levels the playing field between union and non-union contractors in competition for work. And it lifts the pay of workers of non-union contractor's thereby improving the economy. Even union workers that normally work on private sector work could see a bump in pay when working on public jobs.

Wisconsin's "open for business" administration wants no part of that. Legislation to curb or repeal the prevailing wage is introduced almost every year. In 2011 they did manage to change the law raising the threshold for projects that must utilize the prevailing wage from \$25,000 to a tiered structure. The threshold is \$48,000 for a single trade project, \$100,000 for a multi-trade project, or \$234,000 for a multi-trade project for a city or village of less than 2500, or a township, with several exceptions from the law added.

Now they want to eliminate it all together and they have the momentum to accomplish it. The sponsor of the bill that has been introduced was quoted by the Wisconsin State Journal saying that it may be incorporated into the budget because it has a fiscal nature.

Private sector unions are lobbying furiously to curtail the repeal. Assembly Speaker Robin Vos maintains that the law won't be repealed, that they just want to "improve" it. But improve it for whom. Certainly not for the workers, some of the very people that voted for them.

DOA Takeover

Submitted by Sue Handrich-Herr

Proposed in the Governor's budget is a change that would make Office of State Employment Relations (OSER), currently an independent agency, into a division under the Department of Administration (DOA). OSER, the agency responsible for preventing political favoritism in hiring will administratively answer to the DOA Secretary appointed by the Governor.

Under current law the administrator for the state Division of Merit Recruitment and Selection, within OSER, is chosen for their 5-year term by the Governor and then confirmed by the Senate. Under the proposed change the director will simply be appointed by the Governor with no legislative approval.

DOA will also assume functions such as computer systems, procurement, human resources, payroll and budget from several other agencies, including Department of Financial Institutions, Department of Safety and Professional Services, Department of Tourism, Public Service Commission, State Fair Park Board, Educational Communications Board, Higher Educational Aids Board, State Historical Society, Technical College System Board, Government Accountability Board, and the Board of Commissioners of Public Lands. Most of these agencies are not under the Governor's direct control currently. The heads of some of these agencies are elected officials themselves, set up as such to prevent political corruption. Those agencies will still have authority to act independently, but DOA will control their hiring and budget.

Union Begins with "U" – Calendar of Events

Know of any labor friendly events in your community that you would like to share with other members? Please email the details and links to: wpec-communication@aft-wisconsin.org

April 11, 2015	Wisconsin Labor History Society Annual Conference, 9:00-3:00, Madison Labor Temple
April 15, 2015	Barriers to Union Renewal, 9:00-3:00, Madison Labor Temple
April 24-25, 2015	Jim Boyd Memorial Scholarship Bowling Tournament, Tower Lanes, Beaver Dam (click cancel if prompted for login)
April 25, 2015	WPEC 2015 Convention, Dane County United Way office, Madison
April 28, 2015	GEF-1 Building Meeting, Discrimination & Harassment, 11:45-12:30, GEF-1 Building
May 3-8, 2015	National Public Service Recognition Week, various
May 9, 2015	WPEC Executive Council Meeting, 9:00-12:00, location TBD
May 9, 2015	WPEC Communications Committee Meeting, 1:00-3:00, location TBD
May 18, 2015	WI Coalition of Annuitants Annual Conference, 8:30-3:30, American Family Center, Madison
May 20, 2015	South Central Federation of Labor Bean Feed, 6:00-7:15, Madison Labor Temple
May 25, 2015	Memorial Day, various events
May 26, 2015	GEF-1 Building Meeting, FMLA, 11:45-12:30, GEF-1 Building

Have an article or story of interest you'd like to see in the newsletter? We welcome submissions. Please review the [Standards and Guidelines](#) to ensure your submitted article meets those guidelines. Submissions can be made via email: wpec-communication@aft-wisconsin.org.