

May Meeting Updates:

Membership Services Group

Good & Welfare / Membership
Social Activities / Budget,
Second Thursday June 13th 5:00 p.m.

Health Benefits Comm.

June TBA

Newsletter Committee

June (prod.) TBA

Budget Committee

June
Scheduled quarterly

Stewards Meeting

June 6th 6:00 p.m.
First Thursday always

Executive Board

June 6th 7:00 p.m.
First Thursday always

General Membership Meeting

June 13th 6:00 **Guests:**
Second Thursday always

Upcoming in July

Stewards Meeting

1st Thursday – July 6:00

Membership meeting

2nd Thursday – July 6:00

Bargaining Committee

April 7th. 5:30

The above meetings are held at
The Union Hall located at

3831 Fairview Industrial Dr. SE
Suite # 100
Salem, Oregon 97302

503- 370-2522

**Deadline for June issue
of Your Local Voice**

May 11th. for articles

Submit Articles to:

Guido Coszalter
(coszalter@worldnet.att.net)

or Jack Tucker
(jvtucker@qwest.net)

OFFICERS/STEWARDS

AS OF

OCTOBER 2002

CITY HALL

Bldg. Safety..... **Sonny Mauldin**, Treasurer
Finance..... Yoly Solis, *Steward*
Police..... Roberta Perez, *Steward*

COMMUNITY SERVICE

Parks **Mike Higgs**, Vice-Pres/Chief Steward
Housing..... Rosie R. *Steward*

GENERAL SERVICES

Fleet Services Steve Blackburn, *Steward*
Lynn Amstutz, Secretary
Don Baskett, E-Board
Building Services Brad Brown *Steward*

LIBRARY

Main Ann Bornholdt, *Steward*
Miriam Johnson, *Trustee*

OPERATIONS (PUBLIC WORKS)

Customer Service Allen Stiers, Steward/E-Board
Pumps & Controls..... Larry Fraizer, *Steward*
Sewer..... Guido Coszalter, Lead Steward/Trustee
Steve Koops, *Trustee*
Water.....**Jack Tucker**, President

WILLOW LAKE

Mechanics..... Dale Menge, *Steward*
Brent Morris, *Steward*

I just received word from Rex that Ken Bishop passed away last night. Additionally, I heard that Jim Fetkovich was conked on the head, had to get stitches, and has a mild concussion.

Ken Bishop was very helpful in lending support during our time of crises when we almost went on strike a few years ago. It's really a sad a loss to our local. I will keep you informed if I hear anything more.

Thanks for your support.
Lynn Amstutz

October 10, 2002
Monthly Membership Meeting

Call To Order: 06:05M

Roll Call: Jack T. -Mike H. -Lynn A. -Guido C. -Tami P. -Susan B. -Larry F. -Ann B. -Steve K. -Ann E. -
Miriam J. -Brad B. -Brent M. -Steve B.
Absent: Sonny M. -Don B. -Allen S. -Yoly S. -Dale M. -Roberta P. - Rosario R

Approval of Minutes: Motion by Guido Coszalter to waive the approval of minutes until the membership meeting, due to the membership not having their newsletters as yet. Seconded by Ann Bornholdt. Motion passes unanimously, minutes carry forward to next month.

Guests: Mary Botkin (PERS Board Member)

-Mary started by showing us where our money is and what's going on with it. Employees pay 6% into their PERS account, and the City pays 12% into your account. There is another account that you don't see. When you become eligible to retire the two account balances are moved together into one account called Benefits in force. The Benefits in force account is what pays your retirement. If you take your money out of your account before you are eligible to retire, you leave the City's 12% (contribution) behind and only take your 6% which you have paid in to PERS. The reserve is gone and no longer has money in it. The most important thing to remember is DON'T TAKE YOUR MONEY OUT OF PERS UNTIL YOU ARE ELIGIBLE TO RETIRE! You will be leaving twice as much behind as what you are taking with you.

-Tier 2 benefits explanation: You get exactly what the stock market makes. Because this account is not guaranteed if the stock market goes up, you get that exact percentage of increase. If the stock markets go down, your account decreases by the same amount.

-Tier 1 benefits explanation: Do not expect to see anything more than 8 percent guaranteed for the rest of your working career. PERS is now responsible for paying back all of the money that was borrowed against the system, as well as all the reserves. You will still get your 8 percent but there won't be anything more than that. Every time we have to borrow against the system to pay that 8 percent, the employer is ultimately responsible for paying that money. That becomes the un-funded actuary liability, which we are hearing a lot about right now. The bottom line is that we are going to

have to pay that money back. When the stock market recovers and things get a little better again, all the excess money that stock market returns over the 8 percent will have to go back in there. Tier 2 will go up and down. Tier 2 does not have any guarantees on their returns, as a result when the market goes up, their PERS goes up, and when the market goes down, their returns on Tier 2 will go down as well. Tier 1 PERS does not have a guaranteed return on any money, which is in the variable account. The 8 percent guarantee only exists on Tier 1 fixed accounts.

-Tier 1 and Tier 2 Bottom Line Benefit:

The bottom line benefit is calculated from your **Final Average Salary (which will be your three highest year) x Years of Service x 1.67**. All tiers will get this benefit. Most of us are in the money match system, which means you take the employee account and the employer account, and look specifically at the employee account. Say you have \$150,000 in your account. The employer matches this amount making it \$300,000. The rest is a mathematical equation including how long they think you are going to live, what the average return investments are going to be, how much you are going to get.

Your monthly benefits are figured out from all of this for us from the actuary analysis. Here is one of the problems. While everyone was investing in the variable accounts, the City was not allowed to. As a result while we were turning double digits on our investment returns, and the City was not. Now the City only has a \$100,000 set aside for PERS investments. The City still needs to come up with an additional \$50,000 for your account. This gets put into the un-funded actuary liability funds. The City has to pay this money. This is where some of the hysteria is coming from. You begin to see the problem. Some of the funding problems and concerns are real. The City will begin picking up our 6 percent PERS starting in January. This is a good thing for them and it's not a bad thing for us.

-The Lipscomb Decision. How many people will be retiring within the next two years? There were a few show of hands. There was a terrible decision against PERS made by Judge Lipscomb this past week. This decision has damaged the PERS system to some respect. Mary said that the attorneys (Greg Hartmann) were not surprised by the decision, and AFSCME will be working on submitting an appeal of sections of the Lipscomb decision. The decision was in segments and as a result there are parts, which can be explained to us fairly easily.

The first part of the decision was about the money manager and variable accounts. Basically what the judge said is that employers were not obligated to match the variable accounts that exceeded 8 percent under the money match system. What this says is that all those years that we made more than 8 percent on variable accounts, and gave more than 8 percent to accounts that were fixed, they don't have to match any more than the 8 percent. The attorneys for AFSCME PERS system feel that this is a false reading of case law, which will be appealed. This is a multiple year process, which could take longer than 10 years to resolve. The good news is that you will still be able to retire, and we will still be under the current rules during this time. The next question was what happens to retirees who have already retired. Will this ruling allow for employers to go back and take money out of their accounts? Theoretically employers could do that. The attorneys feel that employers will not do that, however they don't feel that our PERS retirement benefits are 100% protected right now.

The ruling on the mortality tables simple stated is that we are living longer than we are supposed to. It means that we are outliving our benefit. We get our benefit for as long as we live, even when the money runs out. The problem is that the employer is responsible for making up the difference. This means that we need to have the tables adjusted to make the money stretch farther for additional years. AFSCME does not disagree with this decision, they realize that this needed to be fixed. The question is how do you fix it. AFSCME submitted new actuary tables but Judge Lipscomb says it was too little too late. Lipscomb said that he wanted it to go back retroactively which AFSCME thinks is

just absurd. AFSCME has some solutions to work on correcting this issue. They are recommending as of this date you are going to start calculating these differently but they are not willing to go all the way back to the date of hire. They will probably go back to the date of the mortality table, which will be around 1999. This means from 1999 forward you would accrue benefits at a different level based on the mortality tables as of that date. Your benefits would be slightly decreased from that point forward, but not so impacting that you could not live on them.

What the courts are suggesting at this point is a table that would include a possible 2 years of "dead time." From the time they implement the new mortality tables your PERS could stop receiving payments for up to 24 months. This means that while you were working over the next two years, no PERS retirement payments would be made into your account. You would be working for free as far as PERS is concerned. The courts are using a term called Look Back.

If your benefits were \$1,000 a month as of 12/31/03 you would stop receiving these payments until 01/01/04. Another words you will not accrue any PERS benefits until at least 01/04/04. The term is also known as red circling. Anyone who has been at the top of the scale and had their wages frozen has experienced red circling. The calculation of time by AFSCME would be somewhere between 12 to 18 months to exceed this benefit. Some estimates, we would work up to 24 months without PERS benefits before having our benefits restart. This will also be appealed to the courts. This is what the argument is about. The retirees are in hysteria right now about having their benefits lowered. AFSCME does not think they can do this. This gives retirees added layers of protection. If you are considering retiring, it might be beneficial to retire now before all the new laws go into effect. If you are eligible to retire right now, the best advise is to take your PERS retirement information and go see an accountant, financial advisor, or whoever does your taxes, and ask them for the best advice. If you can retire now, and it's a good decision for you personally, professionally, and it makes sense for you financially, then do it. Don't just retire because of Judge Lipscomb's decision. Don't let that drive your decision. AFSCME feels that the higher courts will overturn the Lipscomb decision, or at least parts of the decision. The good part of his decision was that you couldn't give credit to employers for being in variable when they were not allowed to be there or did it anyway. Lipscomb agreed and the money was recaptured by PERS that the employers got. Lipscomb claims the 8 percent was a floor and a ceiling. The PERS board thinks that this is wrong. PERS variable was turning as high as 32 percent, and fixed was getting upwards of 20 percent. The balance between what we actually got and what we actually earned went into the gain and loss reserve. The people who are in Tier 2 will get it all. There is no question for those in Tier 2, if we turn 32 percent, Tier 2 will get it all. AFSCME fought to let Tier 1 employees see a part of this action. Tier 2 will not have to fill any holes like employees in Tier 1 will be responsible for.

-Double lump sum retirement benefit

You used to be able to just withdraw your portion of PERS retirement. Now with this new bill you are entitled to withdraw both your earned benefits as well as what the employer matched in your account. When you retire you can withdraw all the money out of your account and do with it whatever you want. When you do this, you lose your 2% cost of living increases every two years, and sever your ties with the PERS system. If your financial advisor says you could do better by pulling the money out and investing it somewhere else you may benefit from doing this, just be careful. This is not something that you can do on your own, you need to have a professional financial advisor. The best option might be leaving the employer's payment alone and just taking your portion out to roll over into somewhere else.

-Changes Forthcoming to PERS system

There will be changes to be made to the PERS system. Mary Botkin sits on the Legislative task force, and Ken Allen sits on the Governors task force, to represent us. The Legislative task force is much scarier

than the Governors task force. Every idea that the Legislative branch has, they can enact as law. PERS is a law and the only response AFSCME has against the Legislative branch is filing a lawsuit for things that are violating our contract rights. AFSCME is doing everything to fight for us to keep our rights and costs to us as low as possible. One day in senate we beat a radical change to PERS by a 15-15 vote. The following day we lost by a vote of 16-13 under reconsideration. As our lobbyist Mary needs more votes. The choice we can make is looking at the Legislative elections and making choices that will help in getting more votes for PERS. If Mary and Ken had their way they would put a bubble around all the Tier 1 employees and set them aside saying they are going to keep what they got, the changes would be made from the point of new hires. However this is not going to happen. Mary does not feel that our retirement benefits are excessive.

-Proposed changes to New Employees - Creating a new system

Retirement benefits on average are not excessive but maybe we need to put some caps on there. Perhaps something like capping PERS at 75% of our final salary without social security. As an incentive PERS would provide retirees with a gap insurance plan for health benefits. From the time you retire until the time you are Medicare eligible, PERS would give you some variety of health care benefits, so that your monthly benefit and the health benefit would allow us to live with dignity and allow us to have economic security. Once AFSCME puts this together, we would be given a one time opportunity in Tier 1 and Tier 2 of purchasing the retirement health care benefit.

-How many employees have received an estimated Retirement Benefits Statement from PERS saying if you work until your 58, you will receive more than you are making now while you are working? Employers can't pay you more than you are while you are working. This is the basic problem with the PERS system. It was not designed to do what's it doing. All the stock market returns have bloomed accounts in that you are making so much right now, your returns are projected at more than 75% what you earned. Employers can not afford to continue paying retirees more than what they earned while they were working. Up until this last year, 99% of returns came from the investment fund, however this is no longer the case. Understand that PERS is still one of the best investments in the country.

-Vested Rights for Retirement with PERS

if you have made contributions in at least 5 calendar years. You were or are at least 50 years old while working in a covered position. Once vested you can remain a PERS member even if you leave your covered employment, unless you **withdraw your money**. Once you are vested, it is critical **NOT TO TAKE YOUR MONEY OUT!**

-The PERS system is very confusing, complicated system. It would be better to have a simpler system. There are forces out there that want us to switch over to a 401K and AFSCME is not interested. By giving money to PEOPLE each month, we are helping to keep our PERS system in tact. AFSCME gets money from us for political purposes, now they need our commitment of time to help with various campaigns. PERS system will be okay, it may take a while to get back on it's feet but in the long run, it will be okay. If you want to blame someone for this happening to our economy and PERS, you call all blame 911 for this PERS mess. We went from a faltering economy to a downward spiral into a dark hole. Until the economy recovers, PERS will continue to be on the downward spiral.

-January's Tax bill: Raising Taxes and Why

It is critically important to vote to raise our taxes in January. The raise in taxes will be temporary over a three-year period of time. The tax bill will cost about \$150 a year. If we don't pass it, there will be seven (7) prisons that will close, which means there will be 1,000 AFSCME jobs lost, and 3,900 bad guys will be running loose. We don't want that in our neighborhood. Schools will be forced to close 2-

3 weeks early. Just the math, and nothing else, three weeks of daycare cost a lot more than \$150 a year. More will be presented on this subject in the near future at one of our local meetings. Passing this measure will not cure all the problems but it will keep us from having to make some really bad decisions very quickly.

-Variable PERS

If you are enrolled in a variable account you can only swap over to fixed one time and the change will be permanent. However if you are enrolled in the variable account you can change your variable mix from year to year during the open enrollment time. The mix is something like 75-25 or vice versa at 25-75 depending on what feel more comfortable with. You must sign and complete a variable election form each year to make these changes. Changes take effect January 1st. There is a one time variable transfer to fixed. It is irrevocable once you change over from variable to fixed. Mary thinks that you can change this once again when you retire.

-AFSCME still does not know what will happen to Tier 2

Nothing will be changed or happen to Tier 2 until AFSCME knows what the issues are and what corrections they will want to be made to this Tier.

-How to find out more (Updated PERS Information and how to reach Mary)

Website updates: www.afscme-alert.org

Mary's Email address: botkin@afscmecn75.com

Mary would prefer getting email because she receives so many calls each day, it's hard to return everyone's call, and its harder to keep track of phone calls. If you simply don't have access to the Internet, please call at 1-800-792-0045.

-Phone Banking

Guido added that there were schedules posted on the wall for everyone to sign up and come help out with calling people about these issues. Please sign up and lend your support. We will be calling other AFSCME members with our phone banking.

New Business:

-No Retirees this month.

-No other visitors tonight.

Presidents Report:

-JLMC: coming up on 10-30-02. Jack is going to be pushing the seasonal issue. The City now has a committee to research this issue. Jack has been unable to find anyone on that committee. He hopes to find something out on the 10-30-02. Jack thinks that someone in PW would be on that committee but is unable to find anyone.

-EBoard: We discussed local politics. Linda Bierly is in need of help for walking and more money to send flyers out. The Eboard granted her another \$1000 contribution. We also discussed having our EBoard members and stewards, as well as anyone else who wants to participate next Monday 10-14-02, attending the City Council meeting for showing support for Parks Bond measures and support of Linda Bierly. The meeting is scheduled for 06:30 PM but we are meeting at 06:00 PM to sign up for speaking. Please wear your green AFSCME local T-shirts. We also talked about putting

something together for reading and writing in the new contract. We want your ideas for the next bargaining sessions.

-We now have union representation at new employee orientation.

-Val spoke to Greg Snyder (Field Supervisor for Council 75) about hiring an outside facilitator to come in and look at our local to help plan and strategize for the next three years. Consequently we have scheduled this session for 11-23-02. All members are welcome to come and participate and have input into the locals planning process. Lunch will be served.

-Paycheck Confidentiality has been discussed. We have agreed with the City that we would allow paychecks to be put into envelopes but the envelopes do not need to be sealed before being passed out. As part of contract, the checks were just left out for anyone to see and the union has requested that paychecks be put into envelopes for employees. The City has gotten a new machine to fold and stuff the envelopes and starting this payroll period, our checks will arrive in an envelope.

-We voted to send 2 people to the LERC training.

-Secretary/Treasury training workshop. Miriam and Ann want to attend this workshop scheduled for 10-26-02.

-Trustee training workshop. Tami and Sue want to attend this workshop.

Chief Steward Report:

-Grievances

One at step 3 in Building and Safety, its regarding layoff and recall rights.

Vall met with Connie earlier this week regarding grievances.

Val and Connie decided it was best to call in an outside facilitator in for Facilities Services group to work out problems in that area. The facilitator will meet with each side separately and then bring both management and employees together to try and come to a mutually agreeable middle ground.

One at step 3 in Parks for rest breaks being taken away from them in the office.

One termination in Community Enforcement.

Another possible termination tomorrow morning.

Two grievances at step 3 in PW operations.

Committee Reports

Social Activities: (Chair: Mike Higgs)

-Picnic was great and everyone who attended enjoyed it. There was a little over \$800 left in the account. The group will together to figure out what they want to do for the December meeting.

-Serving at the Mission will probably be done again this year on MLK day, January 21, 2002. Our group will plan on something when we get closer to the date.

Membership Services: (Chair: Guido Coszalter)

-Guido was given his first chance to give the Union speech at the new employee orientation. It went very well. There were about 10 employees who showed up out of 12 that were scheduled. All 10 signed the union cards to become members.

-The local wants to have the stewards trade off doing the employee orientation presentation. This would give all the stewards a chance to practice speaking in front of people. The local would like to have all stewards and contact people involved in the membership committee and giving the presentation at the employee orientation. As a member of this committee you will receive training as to the right way of giving the presentation. We are only entitled to 15 minutes for our presentation and Dennis did allow Guido a few extra minutes to answer questions that came up.

Good and Welfare (Chair: Yoly Solis. Yoly is absent tonight and Alice is filling in for her)

Alice reported that quite a few people were contacted that needed cards and or flowers this month. There are four people on this committee that share the duties. The people on this committee rotate the duty of carrying the buck every 3 months. Yoly now has the buck for the next three months.

Health Benefits (Chair: Susan Ballard)

-Nothing is going on with this committee any longer. The wellness committee will have its next newsletter out tomorrow. Sue will be attending the ASFCME Council 75 wellness program. There is a Walk A Week program going on at Work right now.

-Miriam attended the Health Care Candidate forum last night. The forum focused on the crisis in health care costs and accessibility. OHS is a coalition of unions and community groups seeing to build an on-going health care reform. The strategy to elect candidates who will stand for real reform, and to hold those politicians accountable when they office. Some of the representatives who attended include Bryan Jackson, Jackie Winters, Peter Courtney, Betty Komp, Mike Swaim, and Billy Dalto. Peter Courtney suggested one possible solution of the high costs of health care would be having more nurses. Maintain OHSU local to cut costs. Insurance companies are lagging in insurance payments to doctors, letting insurance companies make interest off of unpaid claims. There is concern about breaking down the barriers to health care. The first presenter was Scott Sadley (small business owner). He is concerned about providing health care insurance for his employees. They can not afford any money for insurance to their employees. For more information on this topic visit their web site at: www.oregoniansforhealthsecurity.org. Please remember the most important thing you can do is to remember to get out and vote and ask your buddies to do the same.

Newsletter (Chair: Guido Coszalter)

-Newsletter is going to printer tomorrow. Jack needs information on bulk mailing. Guido will be gone until Tuesday, 10-22-02. The committee will meet at the hall on Tuesday, 10-15-02 at 05:30 PM. Volunteers for this committee include:

Lynn Amstutz
Ann Everett
Steve Koops
Brent Morace
Dave Harmony
Brad Brown

Budget (Chair: Ann Everett)

-The committee has a meeting this month. Ann will have a quarterly budget setup for everyone to see, hopefully at our next monthly meeting. Our budget is at approximately \$13,000 left for the last quarter. We spent about \$17,000 last quarter. Ann set a date for the December budget meeting. The group will on Tuesday, 12-17-02 at 5:30 PM here at the local hall.

Political Action (Chair: Yoly Solis. Miriam filling in tonight for Yoly.)

-Please remember to register and vote. Votes this year will hugely affect us the employee. There are several big races, one locally with Linda Bierly for City Council. The other big ones are in Legislature, and Governor.

-This committee is working on the Bierly committee. There will be a Big canvass day scheduled for Saturday, 10-19-02 meeting at the West Salem library at 09:30 AM, one week from this Saturday. She really needs a lot of people to show up and help out. If you cant make it, please talk to someone who can come donate a few hours to help out. George Morgan will hopefully help out in this walk, he can cover several hundred houses in just a few hours.

Motion by Guido to extend our meeting another 15 minutes in order to complete the business section. Seconded by Brent. Motion passed unanimously.

Treasurer Report (Sonny Mauldin) (Mike Higgs read the report tonight)

Checking: \$ 1,336.46
Savings: \$11,399.37
CD: \$95,805.26

Motion by Guido to except the treasure report as read. Bob Lewis seconded. Motion passes unanimously.

Council Representative (Val Andreas)

Val is out sick this evening and unable to be here. Val left a report talking about strategic planning on 11-23-02. She talked about a meeting with Connie and grievance issues. She talked about seasonal grievance issues. She talked about new employee orientation. Val talked about Linda Bierly's campaign. Union day for Mike Swaim's campaign will be 10-12-02 at 09:30 AM at Mike's office. She all covered PERS, which Mary talked about.

Old Business:

-The BUCK: Yoly will have it for the next three months (October, November, and December).
-Health Insurance Issue: People wanting to know what's going with insurance and what is the actual premium cap? The City was to cover the cap up until July 1, 2002. Why are people still paying money into this premium as of July 1, 2002? The cap for our last contract was at \$699.01. As of January 1, 2002, 15 percent automatically started coming out of our paychecks for family coverage. Employees still have not been told what the actual dollar figure of the premium went up by. If the cap went up in July it seems only natural that the dollar figure that we have been paying should go down. Val is checking on what the City's actual premium cost is. There may or may not be any back pay due to family coverage members depending on what we find out. Employees still don't know what the premiums were on this past year, much less what the premiums are going to be for this upcoming year. The ultimately responsibility of this information getting out to us lies with Dennis Englehardt. The best thing we can do is call him and ask questions, or send emails asking questions. It is in everyone's best interest to know how much their health care will cost now and in the future.

New Business:

-Monthly Minutes: Get a copy of the minutes out to contact people without including them in the newsletter. Get the minutes posted onto bulletin boards and contact people etc. This way we could get the information expedited to employees quicker and everyone would know what is going on.

Motion by Guido to amend the original 15 minute extension of meeting, at least until we get through the door prizes. Seconded by Lynn. Motion passes unanimously.

President

-Want to reestablish the Committee and get the going. Everything that is done on the committees is for us the entire group. Sometime after we meet with the facilitator we can approach this again.

Correspondence:

- Thank you card from Darlene Babb
- Thank you card from Guido Coszalter
- LERC Classes and Training upcoming for trustees and collective bargaining that is supposed to be a good one. Jack has the information if anyone is interested in going to one of the classes.

Door Prize Drawings:

\$10.00 Guido Coszalter/PW Sewer
\$140.00 Brent Morace/ PW WLTP
Congratulations to Brent! The pot will return to \$100.00 next month.

Good of the Order: Date for next membership meeting will be November 14, 2002.

Adjourned: 08:21 PM

Local 2067 Secretary
Lynn Amstutz