

CONTINGENCY BUDGET COMMITTEE REPORT FROM UNITED STEELWORKERS
LOCAL 9265

Thank you for this opportunity to provide USW Local 9265's perspective on the issues facing PEF. First we thought that we should introduce our bargaining unit. 9265 is composed of the administrative unit which is every person in Membership Benefits and PEF Travel except the managers; and every secretary, and department assistant except the MC's. Our professional unit is composed of field representatives, lawyers, the Civil Service Enforcement, Health and Safety, Training and PR department excluding the MC staff. We consider PEF our home.

Since 2015, when the Spence administrative came into office, we have negotiated one agreement for 2015-2016 for a 2% raise. The total cost of that raise to PEF was approximately \$225,000 for increases, taxes, pension contributions etc. In 2015 when this administration took office there were 117 USW members employed by PEF, now there are 108. We have been engaged in contract negotiations with PEF for the past year for a successor agreement. Prior to Thanksgiving, we delivered to the President and Executive Director a proposal for an agreement which would run from July 1, 2016-June 30, 2018 and contained a 2% increase for each year, and we included in our proposal our agreement to set up 105 accounts for USW retirees which PEF told us would lessen its post retirement liability. This agreement including all salaries, taxes, pension contributions and would have cost PEF \$461, 585. This reasonable offer was summarily rejected out of hand at our December 6, 2017 bargaining session by PEF. We were told that unless we provided substantial give-backs there would be no contract going forward. We want the Contingency Budget Committee to be aware that USW staff do not pay premiums for our healthcare while on the payroll, but do pay a the entire premium as well as co-pays when are retired. We can use our sick leave accruals to defray the cost of the premium, but our wages have not kept pace with the increasing cost of retiree health premiums—for instance in March of 2017, USW retirees premiums were hiked 48%, and then hiked again in November of 2017. What would PEF retirees do in this situation? If USW members are forced to pay a portion of our premiums as current employees, then PEF will be forced to pay a portion of our premiums in our retirement.

So the forecast for the Janus decision is not rosy—we know that. The effect of the Supreme Court decision will be felt most likely in July of 2018, at which time, if predictions hold, agency fee payers will no longer be required to pay dues automatically to the Union. That is an annual loss of \$541,800 in revenue for PEF. So you need to plan for that in your March/April forecast for the 2018-19 budget. USW recommends that PEF work with other public sector unions in securing agreement with the Comptroller, and legislation if necessary to prevent current from

exiting the Union except during a short window around April of each year to prevent a wholesale mass exodus. That means between today and the end of this year, PEF needs to implement the plans that it has made in fits and starts and then dropped over the course of the past 2.5 years to engage as many of the 52,000+ members that you have today.

That brings us to what the purpose of the Union is—it is the collective manifestation of the idea that you can get more done together than any one of us can achieve alone. The purpose is to negotiate and fight for a decent contract with all the salary increases and benefits and the protection of its members from the whims of the employer. That should be the mission of PEF; and all of our programs should have that goal. In leaner times, the mission is the measure of where you spend the Union dollars. USW leadership is all volunteer, our dues go to negotiating a fair contract, representing our members in disciplines and grievances first, and newsletter, mailings, posters, second—and parties last. We have a one day conference every year. And we are measurably smaller than you are, so we understand that you cannot do the same—but your priorities should be the same—we are all Union, we are one.

In suggesting changes to the PEF budget, we consider contract negotiation and grievance handling the priority of the Union—as without those, the purpose will be unclear to members. We also suggest that there are two ways that Unions increase their income, increasing the membership through organizing new shops and increasing dues. PEF needs to examine both those options and act now.

USW Local 9265 has looked at your budget in 2015, 2016 and 2017 and here is what we see:

APRIL 2014—MARCH 2015

Total Income was \$36,610,488

Expenses :	Union leave for officers	\$440,246
	State EOL	\$660,207
	Professional Fees	\$622,688
	Divisional Fund	\$1,187,627
	Per Capita fees	\$9,448,183
	Member Meeting Expenses	\$2,800,626
	Post Retirement Liability	\$7,447,789

TOTAL EXPENSES WERE \$35,304,493

Surplus was \$1,305,995

APRIL 2016—DECEMBER 2016 (USW did not have full year data)

Total Income was \$28,789,815 (adding \$9 million to this for next quarter would make \$37 million plus)

Expenses:

Union Leave	\$539,266 (annually it would be approx. \$720,000)
State EOL	\$671,681 (annually it would be approx. \$895,574)
Professional fees	\$675,968 (annually it would e approx. \$877,290)
Per Capita	\$7,300,935 (annually it would be approx \$9 mil +)
Divisional fund	\$1,061,278 (annually it would be approx. \$1.4 mil+)
Membership meeting exp	\$2,116,455 (annually it would be approx. \$2.9 mill)

TOTAL EXPENSES \$27,844,866 (annually \$37 million+)

Surplus \$944,929 (annually \$1.259,905)

ADOPTED BUDGET OF 2017-18

Total *Projected* Income \$26,931,108

Expenses:

Union Leave	\$1,213,521
State EOL	\$1,057,421
Professional Fees	\$1,005,140
Per Capita	\$9,911,731
Divisional Fund	\$1,449,210
Membership meeting exp	\$2,180,934

Post Retirement Liability \$10,640,065

TOTAL EXPENSES: \$26,931,108

Surplus: \$0

We do note that in your November/December Executive Board meeting a \$2 million dollar surplus was reported between April and September of 2017.

Please bear in mind that "salaries" in this budget include USW, MC and Employees on State leave for which PEF pays them an additional salary and benefits above and beyond their State salaries and benefits.

In the 2017-18 projected budget, salaries of all employees and benefits cost PEF \$18,168,406 whereas in 2015, the total costs of USW, MC and PEF portion of staff salaries totaled \$16,545,894. Again the USW wage increase in 2015-16 cost PEF \$225,000, not \$2.4 million dollars.

Professional fees increased dramatically since 2015 also. The largest consulting fees were paid out in four program areas in 2017-18:

\$181,270 in Accounting Dept

\$172,500 in Legal Dept

\$110,000 in Human Resources

\$101,510 in Legislative fees

USW costs have not contributed to the inflating costs of PEF. PEF needs to cut in half Professional Fees, needs to cut union leave costs and associated benefit costs for on leave State staff, cut need to cut EOL costs and realign MC staff to meet the changing workplace that is PEF.

The Post Retirement Liability jumped \$3.2 million dollars from 2015 to the present—that was not USW retirees, what accounts for that huge increase—golden parachutes?

PEF hired three "interns" in 2017 and 2 additional law clerks, although their salaries were minimal—what purpose did this serve? Was their assistance valuable? Who if anyone has assessed that usage of money?

PEF could host a convention every 18 months, limiting the frills, and cut EOL costs in ½ by having check-in on Saturday, the first day of convention on Sunday and Monday as the last day. The contractual EOL could then be diverted to other committees to defray the EOL bill to PEF.

PEF Committees could be limited to those required by contract and PEF Constitution.

Lastly, PEF members pay the smallest percentage of union dues of any Union in New York State. USW members pay almost double what PEF members pay—and you have an income ceiling rate for dues that is robbing you of needed funds for the future. If you increased dues 50 cents per day for only your members, not fee payers, you would raise \$6.7 million + a year. Thank you for your time today.