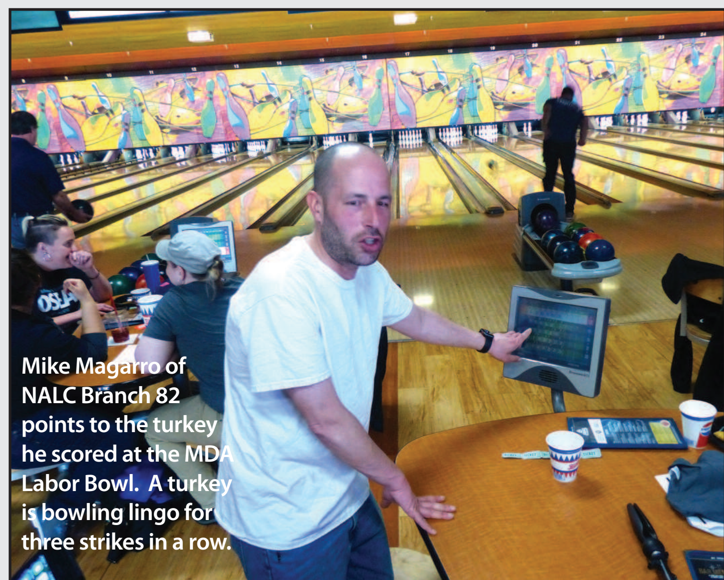
BUILDING COMMUNITY



Mike Magarro of NALC Branch 82 points to the turkey he scored at the MDA Labor Bowl. A turkey is bowling lingo for three strikes in a row.

Photos courtesy of Tom Richardson, NALC Branch 82

LABOR BOWLS FOR MDA. This year's Labor Bowl Challenge raised $9,000 for the Muscular Dystrophy Association. The 29th annual event was coordinated by the National Association of Letter Carriers (NALC) Branch 82 and the Northwest Oregon Labor Council. Money from pledges and a silent auction pays for wheelchairs and braces for children, as well as for research and summer camps. Since 1989, the Labor Bowl has donated $401,119 to MDA. Top bowlers this year were Donna Wash of NALC Branch 82 (left) and Mike Hemmings of Oregon School Employees Association Beaverton Chapter 48 (below left with Branch 82 MDA coordinator Abe RedCloud). The top fundraiser was NALC Branch 82 member Mike O'Connor, who raised $700.

...Pension crisis sparks reform debate

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charges that eventually reached $6.15 an hour — and none of those extra dollars were attached to additional benefit for employees. Such extraordinary sums risk bankrupting employers, or send them running for the exits. [Last fall, Daimler negotiated a withdrawal from the Machinists pension.]

By 2011, it was clear that the 2008 crash was going to result in the collapse of many multi-employer pensions, including Central States, which would bankrupt the PBGC. Something needed to be done.

The National Coordinating Committee for Multiemployer Plans (NCCMP) — a group representing multi-employer plans and their sponsoring unions and employer groups — put together a task force to come up with proposals for Congress to consider. One of them became law in 2014 —the Multiemployer Pension Reform Act (MPRA).

MPRA allows pension trusts to cut benefits to current and future retirees to a certain extent — if doing so can save the trusts from insolvency. But they can only cut benefits down to 110 percent of what retirees would receive if the trust were to become insolvent and have benefits paid by the PBGC. PBGC's insurance for multi-employer pensions doesn't guarantee everything retirees were promised — only 47 percent, on average. So MPRA gave pension trusts a lot of room to cut benefits.

But pension fund trustees — half of whom are union appointees — haven't been eager to use the new authority to cut retiree benefits, and the Treasury Department hasn't made it a slam-dunk for those who tried. In the three years since MPRA became law, just 19 trusts have applied for permission to make the cuts, and just two applications have been approved by Treasury — trusts connected to Ironworkers in Cleveland, Ohio, and Alaska.

MPRA was written above all in order to prevent the Central States collapse, in order to save the PBGC itself from insolvency. But in 2016, the U.S. Treasury department rejected Central States' application to make benefit cuts. Treasury said the proposal's investment assumptions were too rosy, and its cuts weren't fairly apportioned. The rejection spelled doom for Central States: It can't apply again, because its assets continued to shrink and now trustees would have to cut benefits beyond 110 percent of the PBGC benefit in order to restore solvency.

What to do now

With Central States and the PBGC headed for collapse, Congress in February created a special task force to come up with a solution. The Joint Select Committee on Solvency of Multiemployer Pension Plans, made up of 16 members of the House and Senate, eight from each party, is supposed to hold hearings and deliver a report by November, with the expectation that Congress would take action by the end of the year. But unions are at odds over what proposal to push the Joint Committee to recommend.

NCCMP, backed by many building trades unions, is proposing a bill called the GROW Act that would create a new kind of pension without withdrawal liability or rehab surcharges, or even the need for PBGC insurance.

Mack, along with the Machinists, Boilermakers, and Steelworkers unions, is critical of that, saying it fails to address the problems of the failing pensions. Instead, they back a bill called the Butch Lewis Act that would provide renewable low-interest government loans that might enable the trusts to invest their way out of their hole. Western region Teamsters have gathered 35,000 signatures opposing the GROW Act to present to Congress.

NCCMP Executive Director Michael Scott says Mack is right that GROW does nothing to help distressed plans, but says the antagonism is misplaced: "Just because a hammer is different from a screwdriver doesn't mean you have to be mad at the screwdriver," Scott told the Labor Press.

Meanwhile, Scott calls Butch Lewis a bailout, and says it's unlikely that Congress would approve a plan that requires no retiree sacrifice. NCCMP is floating its own proposal, which similarly uses long-term government loans but also requires some level of benefit cuts.

Scott says the belief that benefits are currently guaranteed is misplaced, because the PBGC is only replacing 47 percent of promised benefits, and — because the PBGC is not backed by the full faith and credit of the U.S. government — when it runs out of money, retirees will get 2 to 6 percent of what they were promised.

"Benefit reductions are coming to retirees in insolvent plans. It's just a question of how deep," Scott said.

COLLECTIVE BARGAINING

New contract for support staff at Portland Public Schools

By an overwhelming 329 to 6 vote, Portland Federation of School Professionals (AFT Local 111) ratified a new contract last month that covers about 1,400 support staff in almost 50 classifications, including school secretaries, classroom assistants, and about 450 para-educators who work with special education students.

The contract provides across-the-board raises of 3 percent retroactive to July 1, 2017, and 2 percent for July 1, 2018. It also gives annual step increases to employees who haven't reached the top of the wage scale for their classification. And it raises pay an additional 5 percent July 1 for para-educators, who will make $17.05 to $22.65 an hour.

Local 111 president Belinda Reagan said the district hired an inexperienced outside attorney, and bargaining was contentious.

The new contract runs through June 30, 2019.

How Congress could fix the pension crisis

Butch Lewis Act of 2017 (S.2147) sponsored by Senator Sherrod Brown (D-Ohio), would create a federal loan program to bail out failing multiemployer pension funds, funded by the sale of Treasury-issued bonds. It's named after Butch Lewis, president Teamsters Local 100 in Cincinnati, who died in 2015 after years of fighting to protect pensions. It has 22 cosponsors including Jeff Merkley (D-Ore.) HR 4444, a similar bill in the House sponsored by Rep. Richard Neal (D-Mass.), has 162 cosponsors, including Oregon Democrats Earl Blumenauer, Suzanne Bonamici, and Peter DeFazio.

Butch Lewis

Give Retirement Options to Workers (GROW) Act (H.R. 4997) sponsored by Reps. Donald Norcross (D-NJ) and Phil Roe, M.D. (R-TN) would prevent future pension collapses by giving healthy multi-employer pension plans the ability to create a new hybrid or "composite" option combining features of defined benefit and defined contribution pensions. Trustees would freeze legacy defined benefit plans, and all their accrued benefits would be fully paid out. They'd then create a new plan going forward to provide guaranteed monthly benefits within a range, with the actual amount determined upon retirement. Trustees would aim for a 120 percent funding level as cushion against financial shocks. Employers would face no withdrawal liability in the new plan. The bill has four co-sponsors.