

Board and Staff develop five-year plan for our union



SEIU Board members and staff worked in groups to draft a plan for our future.

Our union has come a long way. We've grown from a state workers' association into a strong union of state, university, local government, nursing home, homecare, non-profit, and childcare workers – and most recently adult foster home providers.

We have doubled in size over the last eight years, growing into a powerful force for justice and fairness. We have brought increased wages and improved benefits to tens of thousands of workers, including many

who lived in poverty and lacked even the most basic health care coverage.

Our work has improved services for Oregon's most vulnerable folks – children, seniors and the poor. We can only imagine the progress we will make in the next eight years!

Our Board of Directors and staff came together on October 26 and 27 to do just that! We reflected on our work, and we got to know one another better. The retreat kicked off the

development of a five-year plan for our union. We used our time together to discuss what the future will hold, both for our current members and for publicly funded workers who are not yet organized.

We heard from experts about the future of health care, public services and our communities. We learned about similar conversations going on in SEIU locals throughout the country, and we had an opportunity to provide feedback on the SEIU Healthcare and Public Division plans.

We grappled with hard questions. What would it look like for the union to have a stronger voice in shaping the services we deliver? Is there a better approach than we've found so far to the threat that privatization poses for our members and our services? How can we make sure that we meet the needs of workers facing discipline without fueling the illusion that the union's resources are spent disproportionately on a small group?

We didn't find easy answers to these questions, but the thoughtful discussion will be used as input into the development of a five-year plan for our local. As we've done in the past, a committee of members and organizers will draft a plan, which will be submitted to the Board of Directors for approval.

PERS Investment Choices Matter to Members

by Joe DiNicola, President SEIU Local 503, OPEU

SEIU Local 503, OPEU members who rely on Oregon's Public Employees Retirement (PERS) system for retirement security have every reason to pay close attention to the investment choices the Oregon Investment Council (OIC) makes. Every dollar of the \$65 billion Oregon PERS fund belongs to active and retired members and plan participants. For decades, those dollars have been well invested by the OIC to meet PERS obligations to pay promised benefits when members retire. The OIC invests our pension funds in stocks, bonds, real estate and alternative investments including those commonly referred to as "private equity."

There are two kinds of private equity investment firms: Venture Capital and Leveraged Buyout (LBO). Venture Capital firms finance smaller, start-up companies with new ideas and allow them to try to expand their ideas into bigger markets. Google is a successful Venture Capital example.

LBO firms are different. LBOs typically buy public companies off the stock market and then re-sell them a few years later. This can generate hundreds of millions of dollars for owners, company management and pension fund investors. Where do LBOs find the money for these deals? They use a combination of other people's money—university endowments, wealthy individuals, and pension funds like PERS. They borrow the rest and leave the companies they buy loaded with debt.

What is the role of private equity in PERS?

The OIC has historically invested heavily in leveraged buyout firms and earned excellent returns. However, in the last few months, the

Wall Street Journal, Financial Week, the New York Times, the Economist, Business Week and British regulatory agencies have published articles that raise serious business and ethical concerns and questions about leveraged buyout deals. Could private equity be a bad deal in today's economy? Is private equity too risky?

The answer is: No one knows for sure. LBO firms insist that they create jobs, make the economy more efficient and help pay pension benefits. Others, including SEIU researchers, suggest that buyout industry practices may actually undercut the tax base, increase wealth disparity, remove transparency from business practices and cut out workers and communities from decision making.

Why should you care about leveraged buyouts?

The retirement security of more than 20,000 public-sector SEIU Local 503, OPEU members is invested with LBO firms through OIC. For example, last year, OIC invested \$1.5 billion dollars with Kohlberg, Kravis & Roberts, known as "KKR." A major firm in the buyout industry, KKR has a long history of good returns. But KKR has recently faced accusations of irresponsible business practices that endanger consumers and risky investment strategies that may not adequately protect the interests of pension fund investors and the members they serve.

In addition, some buyout funds slash jobs and close down worksites. This recently occurred right here in Oregon when Fortress Investment Group shut down a Coos Bay rail line. Incredibly, owners of buyout firms, many of them billionaires, pay a lower tax rate on their income than workers who make the companies

work. This unfair tax structure undercuts revenue for vital public services and undercuts pay and benefits for public sector workers.

What can you do about private equity?

By letter and in public testimony, SEIU Local 503, OPEU recently asked the OIC to consider these issues and concerns as it manages and invests member retirement contributions.

SEIU has also begun to educate members about private equity investments and PERS. When you understand how retirement dollars are invested, you can become involved in direct conversations with Oregon officials about the impact of private equity buyouts on communities, worksites and retirement security.

Where can you find more information?

Visit the SEIU website for more information: <http://www.behindthebuyouts.org/>. Contact me directly at dinicolaj@opeuseiu.org or by phone at 503-581-1505, ext. 222. With retirement security and stable funding for public services on the line, it's important to be informed about how member pension contributions are invested. Our financial future and the future of our communities may depend on it.



Joe DiNicola
President