

Union for educators criticized for debt

By Claire Cummings

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Michigan's school employees union last week reported it had \$124 million in debt as of Aug. 31, according to its annual financial report to the U.S. Department of Labor.

But a Michigan Education Association official said Monday the majority of that debt is pension liabilities for the next 70 years.

"This is not money we have to pay out next year," MEA Vice President Steve Cook said. "That number changes, sometimes wildly, from one year to the next."

The figure is based on a formula that includes how much pension funds earn in a given year and the age of employees, among other factors, Cook said.

"What's impacting it last year is basically, interest rates dropped," he said.

The MEA has no plans to restructure because it does not expect the debt to remain that high as markets fluctuate, Cook said.

The MEA was able to make its minimum contribution of \$8 million to the pension fund, he said. The MEA has 155,205 members statewide who each pay \$620 per year in dues, according to the report.

One organization said this week the MEA's explanation is hard to believe.

"We've been looking at (the) reports for several other teachers unions in the Midwest, and we have haven't come across a liability that size," said Kyle Olson, vice president of Education Action Group, a Muskegon non-profit that advocates for public school spending reform.

"That liability over the last three or four years has been growing exponentially."

The report also shows a disconnect between the leadership and the rank and file who pay dues, Olson said.

He points to the union's high compensation and raises, including a 13 percent jump for President Iris Salters.

Salters made \$256,340 in 2007-08 and \$290,741 last year. Cook made \$230,645 last year, up from \$205,223.

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Executive Director Luigi Battaglieri made \$249,075, up from \$237,933.

Almost half — 47 percent — of the organization's 343 employees listed made more than \$100,000 per year. Many of those employees are UniServ directors, who are MEA field staff assigned to provide full-time assistance, such as leadership training and help with negotiations, to local associations.

But Cook said the increases are not raises. When interest rates plummeted in 2001 and the MEA's pension payment increased \$12 million in 60 days, employee pay increases were frozen and deferred for four years, Cook said.

Increases in compensation in the past couple of years reflect those deferred increases, plus interest, which are now being paid out, he said.

Education Action Group also highlighted \$19,203 spent on San Diego Padres baseball tickets in July during the National Education Association convention.

The MEA sent 500 delegates who each got a free ticket and food, paid in part by the insurance wing of the MEA.

"It was actually one of the cheapest events we've had," Cook said.

Olson said the MEA also privatizes cleaning and landscaping services, contrary to what it argues in contract talks.

"You'd think a union opposed to privatization in schools would hire their own staff," Olson said. "Clearly, they've come to the conclusion that it's more effective and it's more cost-efficient to use private companies."

But Cook said the MEA is a private union, not a public body.

"When you take a government-sponsored activity, occupation, service and you turn that over to a private company — that's privatization," Cook said.

"And that's what we're opposed to."