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Michigan teachers union details pension plan

By The Associated Press – January 28, 2009

LANSING (AP) -- A plan backed by Michigan's largest teachers union would attempt to trim school payrolls by encouraging already eligible employees to retire with a boost in pension benefits.

The **Michigan Education Association** detailed the plan Wednesday with the support of some Democratic and Republican state lawmakers. But it's not yet clear if legislative leaders and Gov. Jennifer Granholm will be on board with the proposal.

The MEA said the plan would save public schools statewide more than \$410 million next year and nearly \$1.7 billion over 10 years. The proposal could be considered to help fill a projected budget hole in the state's school aid fund.

Supporters say the proposal might entice thousands of school employees already eligible to retire to leave their jobs. They would get a boost in their monthly pensions that would vary by their experience and pay levels, but could approach about \$500 a month in some cases.

That would cost schools or the state some money in extra pension benefits. But those costs would be more than offset by reduced payrolls as younger, lower-paid employees replace the departing employees, the MEA said.

"This isn't an 'early out' program," MEA President Iris Salters said. "These would be employees who have already qualified to retire. But it would save money for our schools."

The Muskegon-based **Education Action Group** criticized the MEA plan, saying it shifts and increases the financial burden on taxpayers. The group, which says it believes in choice and competition in education, often is critical of school unions.