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The APA NEWSFLASH!

Official News & Information for the Administrative Professional Association of MSU
MSU Administrative-Professional Association MEA/NEA/1480 Kendale Blvd, Suite 300/East Lansing MI 48823/(517) 353-4898

Bargaining Update

2010 Post Retiree Health Care & New Hirers

by Maurice Koffman

President/Chairperson, MSU APA

After successfully securing a four-year health care agreement (January 1, 2010 through December 31, 2013) for staff employees, the MSU Coalition of Labor Organizations (CLO) was presented the task, consistent with the member ratified agreement of February 2010, to negotiate an economic exit strategy for new hirers affected by the elimination of post-retirement health care benefits. Employees hired July 1, 2010 and thereafter, will not have health care benefits upon retirement regardless of a 25 year service commitment to the MSU. (Or fifteen years of service and at least age 62.)

Since this summer, the CLO and MSU have been at the table reviewing various options and plan designs. We have been privy to presentations on several investment vehicles, including 403(b) additions, VEBA, 115 Trust, and 401(a) plans. While these presentations have been interesting and have offered a variety of opinions and options, negotiating the actual amount of any University contribution to a future plan has been a bit problematic.

Since September, negotiations have lagged. We had hoped by now to have concluded negotiations and achieved an agreement that is meaningful to the future livelihood of our new members. An extension for bargaining has been agreed upon by the CLO and MSU, so to date, bargaining dates have been set through November 12, 2010.

MSU employees have enjoyed a retiree healthcare provision that is also extended to the dependent spouse of the employee. In 2002 this provision was modified to only provide for the employee hired on or after July 1, 2002, upon his/her retirement.

This summer MSU declared that this benefit will no longer exist for future retirees hired on or after July 1, 2010. By doing this, the University has created a three-tiered system of retiree benefit that offers nothing to the newest tier.

Also by doing this, the University has absolved itself from an anticipated \$846 million potential future liability. The elimination of this benefit has also increased the University's bond rating, making the ability to borrow money at a much lower interest rate. This move on the part of the University has been a win-win for the institution causing future economic gains at an even higher rate than the raw \$846 million saved.

We want our future APA members to be able to share in these winnings by obtaining a satisfying and equitable share in the future savings borne by our entire association. This issue of future retiree healthcare savings is bigger than the number of members it affects. Labor should be an equally valued resource to MSU as much as any other commodity that moves this fine institution forward into the "bold design" that is has carved out for itself. But, the University's posture on this issue makes it appear that labor may not be as important a part of this future as we had hoped.

We, your APA leadership, will keep reminding the University of our worth – the worth of our current workforce and those who will find this institution a good place to begin and possibly conclude their careers. We will continue to bargain in good faith and for the good of all of our members.

Stay tuned for future bargaining updates.



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**Executive Board meetings are normally held on the second Tuesday of each month commencing at 2:00 p.m. in the APA office located at 1480 Kendale, Suite 300, East Lansing. Visiting members should call in advance to verify the time and place.*

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