Representing Wayne State Faculty and Academic Staff

NEWSBRIEFS

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New Retiree Benefit Negotiated With the Administration

By Charles J. Parrish, President

For some years, the AAUP-AFT has sought to address the lack of retiree medical benefits for faculty and academic staff at Wayne State. We have been negotiating with the Administration for more than a year in an effort to provide financial support for our retiring members, and these talks have produced two "Letters of Agreement" (LOA) that now become part of our collective bargaining agreement.

The two LOAs are included in this newsletter: the first, "Health Care Benefits for Prospective Retirees" is reproduced on page 2, the second, "Voluntary Early Retirement Option," on page 3. As explained inside, the LOA on Voluntary Early Retirement extends an existing benefit with some amendments related to the new Health Care Benefit for Prospective Retirees.

These benefits were negotiated over the last year in a committee with equal representation (2N) from the Administration and the Union. The 2N committee was co-chaired by Dean Paula Wood and myself. Others on the committee representing the Administration were Associate Dean Michael Herbert, Vice President John Davis, and Bret Green, Director, Total Compensation and Wellness; on the Union side, Professors Charles Elder, Allen Goodman and Michael McIntyre.

The negotiations were protracted but cordial. A great deal of information was accumulated that should be of considerable use in future negotiations. The Union proposed a healthcare retirement benefit plan that would have provided our retirees with the equivalent of a lifetime retiree benefit that would defray much of the cost of a reasonable Medigap health policy for a single beneficiary. The Union plan would have established an ongoing fund to begin to pay for this benefit by reserving the final year of salary of the retiree for this purpose. The fund would have been initiated by the .5% set aside from last year's salary raise for the bargaining unit. Our proposal had the support of all of the Union representatives and some the Administration representatives.

The Administration countered with the proposal that is embodied in the Health Care Benefits for Prospective Retirees Letter of Agreement. The Union representatives endorsed both proposals, and the Administration agreed to the program now being offered. Since our proposal was not accepted, the .5% set aside will be added to the salaries of each bargaining unit member, with interest, in the next month or so.

The two sides also agreed to extend, through the entire life of the Agreement (until July 31, 2009), the Voluntary Early Retirement benefit that was included as a one-time option in the 2006-2009 Collective Bargaining Agreement (Article XII, Section J).

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Health Care Benefit for Prospective Retirees

What it Means

This Letter of Agreement provides a one-time separation payment for eligible employees (paragraph 1) who agree to retire on May 14, 2008. As indicated in paragraph 2, the lump sum can either be deposited in a tax-favored account to pay for medical benefits, or can be taken as a taxable amount and used without restriction.

As described in paragraph 1, the amount of the lump sum will approximate the five-year total for single retiree medical coverage. During negotiations, the Administration estimated that this would come to about $30,000.

As indicated in paragraph 6, retiring faculty and academic staff cannot participate in this program if they are enrolled in the Early Retirement Option (see page 3). Those who are already enrolled in the Early Retirement Option who wish to switch to this Health Care Option can terminate their Early Retirement, as described in paragraph 7.

Letter of Agreement

It is agreed:

1) The University will provide to employees represented by the AAUP-AFT, a special one-time limited duration separation payment. The payment will be made in a single lump sum, and will be equal in amount to the current average cost of single retiree medical coverage for a five-year period. To be eligible for this program employees must be 65 years old or older and have either ten years of service or five years of University contributions in the retirement program and must agree to retire on May 14, 2008.

2) The lump-sum payment will be deposited either into a Health Reimbursement Arrangement (HRA) account on a tax-favored basis to offset IRS Section 213(d) medical expenses or provided as a single taxable amount that can be used without restriction.

3) Employees must agree to elect this program between January 1, 2008 and March 31, 2008.

4) Employees who elect this option will be provided the ability to purchase at their own expense group vision and dental coverage for themselves and their dependents.

5) Employees who elect this option will be eligible for University-arranged career transition counseling for a period of up to three months. Work-family and Employee Assistance Plan counseling will also be available through the existing WSU EPA program.

6) Bargaining-unit members cannot participate in both this program and the Voluntary Early Retirement program.

7) Faculty who have opted for Phased Retirement as described in Article XII Section J, 2.a of the 2006-2009 AAUP-AFT contract will be allowed to terminate his/her Phased Retirement effective May 14, 2008, retire from the University on May 14, 2008, and elect this Health Care Benefit option. Academic Staff who have opted for the Retirement Buy-Out as described in Article XII Section J.2.b of the 2006-2009 AAUP-AFT contract will be allowed to terminate the Retirement Buy-Out option and obtain the lump-sum payout for the Health Care Benefit. This lump-sum payment shall be reduced by any amount already paid for the Retirement Buy-Out option.

Voluntary Early Retirement Option

What it Means

This Letter of Agreement extends the availability of the early retirement option described in Article XII, Section J of the contract. In a nutshell:

* Eligible faculty can opt for a 50% workload for the last three years of their employment at 50% of salary (plus negotiated increases) and at full participation in medical insurance;

* Eligible academic staff can retire with a three-year buyout of $8,500 a year for those with 10-19 years of full-time service and $12,000 a year for those with 20 or more years of full-time service.

Eligibility and deadlines are prescribed in paragraphs 2 and 3, and paragraph 4 states that those who opt for the retiree healthcare benefit (see page 2) cannot also participate in this early retirement benefit.

Letter of Agreement

It is agreed:

1) Except as described below, the voluntary early retirement option for employees represented by the AAUP-AFT that is described in Article XII Section J of the 2006-2009 AAUP-AFT contract will be extended to July 31, 2009.

2) Employees represented by the AAUP-AFT holding tenure or employment security status who will have attained the age of 60 as of September 1 of the year they are applying for this option and who have provided at least ten years of full-time service (or its equivalent) to the University shall be eligible to participate in the phased retirement option.

3) To participate in this option, faculty must submit to their dean or director and to Total Compensation and Wellness prior to March 1 of the academic year preceding the start of the phased retirement an irrevocable declaration of intent to begin the phased retirement. Academic staff must submit an irrevocable declaration of intent to take the retirement buy-out to their dean or director and to Total Compensation and Wellness. For all bargaining unit members the effective date of change in status shall be no later than the first day of the academic year following the submission of the declaration.

4) Bargaining-unit members cannot participate in both this program and the Health Care Benefits for Prospective Retirees program, a program of special one-time duration offered only in 2008.

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On behalf of the WSU AAUP-AFT I want to thank all the members of the 2N committee for their diligence and patience in working through this issue. While we did not get the Administration to agree to our plan, we did get a new benefit for those members who qualify for retirement under the rules of the program.

The Union leadership is committed to protecting and expanding the benefits that are enshrined in our Collective Bargaining Agreement. We believe that we have taken a step forward in this effort in the present agreement described in the attached Letters of Agreement. We believe that this negotiation has established useful groundwork for future contract negotiations on retiree benefits.

Union Challenges Termination of "Cash-in-Lieu" of Medical Benefits

Our collective bargaining agreement has for years provided "cash-in-lieu" of medical benefits for members who have alternative coverage under the insurance plan of a spouse or domestic partner. For those who qualified, $100 a month was added to their pay.

The Administration has now unilaterally announced that such payments are terminated as of October 30 in cases where the spouse is a Wayne State employee covered by a university medical plan. By the Administration's count, there are 60 employees covered either by the AAUP-AFT contract or similar provisions under the contract for Graduate Employees who were "improperly" receiving cash-in-lieu payments.

The Administration claims that the contract language (Article XII, paragraph D8) is clear on this score. The only reason it was not previously enforced, we are told, is that the Administration lacked the software to monitor it. It claims to have just now acquired that capability.

The Administration has known all along who among the cash-in-lieu recipients had spouses working at Wayne under a university health plan— its enrollment form specifically asked this question. It would not have required "software" to enforce it. It was clearly the mutually understood policy that faculty and academic staff with spouses covered by a university health plan qualified for the cash-in-lieu payment.

We have filed a grievance against the Administration for this unilateral violation of past practice, and we have also initiated an "Unfair Labor Practice" charge with the Michigan Employment Relations Commission (MERC) citing the Administration's "failure to bargain in good faith."

That may be an understatement: in this case, the Administration failed to bargain *at all*. We will ask the arbitrator and MERC to restore the cash-in-lieu payments and "make whole" those who temporarily lost them. The hearing with MERC is scheduled for January 22 of next year, and arbitration (if it comes to that) will be equally slow moving. We will do everything we can to expedite the process.

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