

WHY WE NEED A UNION!

By:

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For 17 years I have served the residents of Los Angeles County as a deputy district attorney, and I look forward to the day when DA's can again bargain with the county for the benefits we find a priority. Over a DDA's career there are two numbers that should concern career DDAs, although with heavy trial schedules and other prosecutorial matters very few DDAs have time to focus on them: (1) Pay for top-step IIIs and IVs, and (2) the COLA (Cost of Living Allowance) for retirees. Both will ultimately affect when we retire and how well we enjoy that retirement. Both are issues that as a collective bargaining unit the ADDA can bargain with the County.

1. Pay for top-step grade IIIs and IVs. Most career DAs hit this financial dead-end before the halfway point of their careers, then it affects them for every remaining day of their lives. If you join the office at 25, reach top-step IV at 45, retire at 65, and live (on your pension) to 85, you will spend the last 40 years of that 60-year span pinned to your top-step grade salary. Given the ultimate impact of this issue, collective bargaining (unionizing) is the best way to impact this limitation.

2. The 2% cap on annual COLA raises for pensions. If inflation turns up again, as it did in the 70's and early 80's, it will destroy the finances of retirees living on pensions like this. The "best practices" in the management of pension fund assets requires matching pension fund investments and liabilities (what the pension will owe retirees) as closely as possible to reduce risk. This means that when an employee retires and their pensions become fixed, the pension fund managers should transfer fund assets sufficient to pay those retirees until death (as estimated by the actuaries) into highest-grade fixed-income assets (typically US treasury bonds). The US treasury now issues inflation-protected bonds. If the pension fund invests in these bonds for its retirees, then the pension fund is completely protected against any extra liabilities due to COLA increases.

Inflation-protected bonds only came into existence in 1996. The 2% cap on COLA was probably instituted before then, when it was justifiable. But it is unjustifiable now. How much could the 2% cap hurt us? Well, inflation averaged 4.81% from 1968 to 2004. If that is the inflation rate when we retire, it will result in an effective pay cut of almost 2.81% every year of retirement. But it could be worse. From 1973 to 1982, inflation averaged 9%, which would equate to a 7% pay cut every year of retirement. That cuts your pay in half rather quickly.

The loss to DDAs could be worse if we do not correct this issue now. Many economists agree that as baby boomers retire, the obligation to pay for Medicare and social security obligations while financing the budget deficit will necessarily lead to higher inflation and taxes. Relevant research papers have been sponsored by the US Treasury, the National Bureau of Economic Research, and the Federal Reserve Bank (see, e.g., "Is the United States Bankrupt?" by Professor Laurence Kotlikoff, published in 2006 by the Federal Reserve Bank: "the United States has experienced high rates of inflation in the past and appears to be running the same type of fiscal policies that engendered hyperinflations in 20 countries over the past century.").

While the recent raises for DDAs of 4%, 3% and 3% (and a step increase if you are top step) is helpful, it will not ultimately protect us as retirees. Given we spend our days protecting others, we as a group should bargain with the County to protect ourselves. This can only be done through a strong union in which we all participate.

AFSCME DOCTORS GET BIG PAYOUT FROM COUNTY OVER 401(K) ISSUE AND SEIU
PROTECTS MEGAFLEX AND 401(K)

By:

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Our cautious approach to unionizing has paid off! In previous meetings with union officials, ADDA representatives expressed concerns that our members' benefits would be taken from them should we agree to collective bargaining. We sought assurances from the union that our members would be protected; however, no financial assurances were forthcoming. We are in a stronger position for having waited.

According to representatives from the union representing L.A. County's doctors and dentists the County has settled their lawsuit over their denial of 401(k) benefits. When L.A. County's doctors unionized, the County punished them by taking away their MegaFlex benefits and their ability to contribute to the 401(k) salary deferral plan (including the County match). As a result, AFSCME (American Federation of State, County, Municipal Employees) the union in which the doctors' union affiliated fought for them. AFSCME took the battle to Sacramento and secured legislation protecting the MegaFlex benefits. Then they filed suit against the County and won in a published appellate court opinion. As a result, the County has agreed to a settlement of over \$10 million with the union.

Likewise, SEIU (Service Employees International Union) bargained and obtained contract language that helps protect us. The SEIU contract now includes a grandfather provision that allows employees in classifications formally eligible for Flex and MegaFlex to retain those benefits. This includes participation in the 401(k) plan and most likely obtaining the County match.

The ADDA has continued our efforts to obtain the long overdue hearing with the Employee Relations Commission (ERCOM) concerning our bargaining unit eligibility; however the County has delayed the hearing for many months. It's important to note that unless you are a top step in your grade (II, III or IV), the salary increases will only be 4%, 3% and 3%, and currently we have not obtained any clarification that the additional step increase of 5.5% will apply to those not already top step. We have been told by union representatives that this nominal 10% increase over three years, is less than that given to professional units of who participated in the bargaining process. We will continue to keep you informed of developments; however two of the concerns that affected our members' decision to unionize appear to have been resolved by our patience. Our next step may be to get appropriate pay increases and other work place issues resolved.