Representatives from AFSCME’s 38 retiree chapters gathered in Chicago, Illinois, Aug. 5-6, for the 26th Annual Meeting of the AFSCME Retiree Council. The following week (Aug. 7-11), the entire Retiree Council attended the International Union’s biennial Convention — serving as official delegates with full voice and vote.

Retiree leaders attending the Annual Meeting shared information on chapter activities and approved the report of the Retirees’ 21st Century Committee (see page 2).

They also heard AFSCME elected leaders and staff discuss issues of current concern to retirees and working families. Presentations focused on the November elections, AFSCME’s role in protecting Social Security from privatization, the campaign to fix Medicare Part D, and new accounting standards that threaten public retiree health care coverage.

International Pres. Gerald W. McEntee welcomed the retirees to Chicago and told them the Bush administration still wants to privatize Social Security. “We thought we had them beaten in 2005,” he said, “But all the work we did in our Americans United coalition, the retirees to Chicago and told them the Bush administration still wants to privatize Social Security. “We thought we had them beaten in 2005,” he said, “But all the work we did in our Americans United coalition, the campaign to fix Medicare Part D, and new accounting standards that threaten public retiree health care coverage.

International Pres. Gerald W. McEntee welcomed the retirees to Chicago and told them the Bush administration still wants to privatize Social Security. “We thought we had them beaten in 2005,” he said, “But all the work we did in our Americans United coalition, the campaign to fix Medicare Part D, and new accounting standards that threaten public retiree health care coverage.

In addition to talk of November, the Retiree Council held elections of its own. All three chair officers were re-elected: Chairman, Jerry LaPoint (president of Wisconsin Chapter 7); Vice-chair, Elizabeth Flanagan (president of Philadelphia Chapter 47); and Secretary, Loneste Blackwell (president of Ohio Chapter 1184).

In addition to talk of November, the Retiree Council held elections of its own. All three chair officers were re-elected: Chairman, Jerry LaPoint (president of Wisconsin Chapter 7); Vice-chair, Elizabeth Flanagan (president of Philadelphia Chapter 47); and Secretary, Loneste Blackwell (president of Ohio Chapter 1184).

Electoral victories were many and sweet for AFSCME retirees this year, as race after race was called for pro-senior, pro-labor candidates on November 7.

It was clearly an election that called for change. When all was said and done, the Democrats had won the U.S. House of Representatives with at least 230 seats (Republicans held 196 seats, with a few races still undetermined at this writing) and the U.S. Senate with 51 seats (49 for the Republicans). In addition, the Democrats now hold the majority of governorships nationwide (26 to 22).

NO TO THE PRIVATIZERS. In many of those winning races, AFSCME retirees had campaigned for months to replace Social Security privatizers in Congress, and to elect governors and state legislators who understand the importance of strong public pensions and retiree health care coverage.

“In Ohio, the Republican majority had rocked the state with scandal, so we were due for a change,” explains Loneste Blackwell, president of Ohio Retiree Chapter 1184. The chapter backed the winning candidate for governor — U.S. Rep. Ted Strickland (D) and the winner for U.S. Senate — U.S. Rep. Sherrod Brown (D). “Wherever I went, I had to assure folks I was no relation to the Republican candidate for Governor — Ken Blackwell — who had terrible positions on our issues,” she says. “I told them, ‘this Blackwell is voting for Strickland.’”

CANDIDATE COMPARISONS. Chapter 1184 distributed candidate comparisons at sites where seniors tend to gather, such as senior centers, club meetings, and retirement housing complexes. The leaflets showed how both Strickland and Brown had earned top ratings from the Alliance for Retired Americans — 100 percent pro-senior congressional voting records during

Senior Power at the Polls

Seniors are far more likely than younger Americans to vote on Election Day. As a result, they play a much bigger role in election outcomes than their numbers would indicate. This is even truer of mid-term elections than of Presidential races, which tend to attract larger numbers of voters in all age groups.

According to exit poll results, voters over age 60 accounted for 29 percent of votes cast this year — up 4 percent from 2004. That year, Republicans won the senate vote, 53 to 46 percent nationwide. This November, however, Democrats won seniors — getting 50 percent of the vote versus the GOP’s 48.

BIG VOTING BLOC. Some of this year’s most tightly contested U.S. Senate races were in states with the largest populations of seniors. These include Pennsylvania (30 percent); Nebraska (27 percent); Rhode Island (27 percent); Montana (26 percent); Ohio (26 percent); Missouri (26 percent); and New Jersey (25 percent) — all states where the Democrat defeated the Republican.

Similarly, some of the hottest U.S. House races were in congressional districts with the largest populations of seniors, including Florida-22 (37 percent); Arizona-8 (31 percent); New York-
Approximately 18 months ago, the AFSCME Retiree Council appointed a nine-member committee of leaders to examine the future of the union’s retiree organization. The Retirees’ Committee on the 21st Century was inspired by a similar AFSCME committee that was examining the operations of the entire union. In addition to AFSCME Retiree Council Chair Jerry LaPoint, the Retirees’ Committee on the 21st Century includes chairperson Betty Flanagan (Philadelphia Chapter 47), Loneste Blackwell (Ohio Chapter 1184), George Masten (Washington Chapter 10), Eunice Parrish (Houston Chapter 1550), Charles Peritore (New York CSEA Chapter 1000), Phyllis Zamarripa (Colorado Chapter 70), Doris Clark (Illinois Chapter 31) and Stuart Leibowitz (New York City Chapter 37).

BabY BOOM retirements. Over the course of several meetings, the committee looked at a variety of issues in the context of the growing number of baby boomer retirements and the projected doubling of the aging population by 2030.

Their report was formally approved by the AFSCME Retiree Council at its annual meeting, August 5-6, in Chicago. It includes recommendations in a variety of subject areas: Organizing and Growth; Leadership and Organizational Development; Retiree Relationships with AFSCME Councils and Locals; International Union Capacity; Political Action and PEOPLE; and Retiree Member Dues.

A recommendation to raise the International per capita tax paid by retiree chapters and to increase the minimum dues for retiree members was a top priority, as the current International Union dues rate has been in place since 1994. Meanwhile, costs have increased considerably for travel, printing, staff and other operational necessities.

Dues increase. Starting in January, chapters must charge dues of at least $15 a year (up from a $12 minimum), with the International’s share going from $2.40 per member per year to $3.60.

The committee also proposed amending the AFSCME International Constitution in order to give the Retiree Council a seat at the table of the International Executive Board (IEB), with the right to address all issues that come before the IEB. This recommendation was approved at the May meeting of the IEB and was an IEB-sponsored constitutional amendment at the International Convention, where it won overwhelming approval.

Seat at the table. “This was a big step forward for the AFSCME Retirees,” said Retiree Council Chairman Jerry LaPoint (president, Wisconsin Chapter 7). A seat at the IEB table means we’ve been recognized for the many contributions we’ve made to this union — and the contributions we continue to make.”

Maryland retirees cheer for Senate candidate Ben Cardin (D) at an October lunch that mobilized volunteers for AFSCME-endorsed candidates.


CASEY LUNCHEON. The Philadelphia luncheon — where U.S. Senate candidate Bob Casey spoke — was sponsored by Retiree Chapters 2, 47, 1199C and Chapter 13’s Philadelphia Subchapter 8801. “The hall could only hold 400 people, but more than twice that number wanted to come,” said Betty Flanagan, Pres. of Chapter 47. “Everybody was so excited about this election.”

According to Flanagan, whenever Santorum’s name was mentioned, the entire audience hissed
The Fight is on: Retiree Health Care Under Attack

ACCOUNTING CHANGES. Public employers’ concerns over higher health costs could soon be reinforced by new accounting rules. Now, most public employers publish only their current-year expenses for retiree benefits, which must be funded on a pay-as-you-go basis. But starting in 2007, they will have to show all retiree health costs on their books, including future obligations for today’s employees.

Even though most of the money won’t be paid out for decades, employers’ full liability will have to be estimated and printed on their balance sheets. AFSCME’s afraid that publication of these long-range obligations—which will appear to be enormous, could trigger new and unreasonable efforts to cut benefits.

GASB is causing the same sort of shock waves in the public sector. Though GASB rules won’t require jurisdictions to actually pre-fund future benefits, governments think that merely showing them on their books will alarm taxpayers and lower bond ratings.

Maryland recently assessed its retiree health care liability, claiming long-term obligations of over $20 billion—more than the state’s annual budget. Michigan, with estimated obligations of nearly $30 billion, is already concerned. The new rules, set by the Governmental Accounting Standards Board, known as GASB (gazbee), will be followed by virtually all states and localities. When similar rules were established for private-sector employers in the early 1990s, a startling number of companies canceled their retiree health benefits. Most feared their stock prices would fall if millions in unfunded obligations suddenly turned up on financial statements.

Maryland recently assessed its retiree health care liability, claiming long-term obligations of over $20 billion—more than the state’s annual budget. Michigan, with estimated obligations of nearly $30 billion, is already concerned.

NO CRISIS. While most media stories paint the issue as a crisis, AFSCME thinks the GASB panic is overstated and should be put in perspective. “Retirees need health care coverage—that’s a fact,” said AFSCME Pres. Gerald W. McEntee. “Public employers should set an example—protecting workers rather than retaining even more resources for tax cuts and other advantages for the wealthy.”

“If governments abandon their employees on health care and pensions, can any worker expect better treatment?” According to McEntee, taxpayers should recognize this and join in the solidarity with public employees to protect workers’ rights.

Reasons to Preserve Public Retiree Health Care Benefits

• Workers sacrificed wages in order to win retiree health benefits. They earned them and they need them.

• Politicians promised the benefits and decided not to pre-fund them. Now, it’s their obligation to fulfill their promises—by raising revenue if necessary.

• Unfunded future obligations occur in many government functions, including Medicaid and prisoner costs, but GASB has unfairly singled out retiree health care.

• If the value of roads and buildings had to be listed as assets on government balance sheets, they’d offset long-range obligations for retiree health care.

• GASB methods tend to overstate liability for health care by assuming future inflation and benefit levels—almost impossible to predict in the long term.

These and other arguments were laid out at a recent International Union seminar on GASB for union contract negotiators. “We want to be sure our affiliates are fully prepared for the fights that lay ahead,” President McEntee said. “Wherever our members’ benefits are threatened, AFSCME will be ready.”

Senior Power (from page 1)

24 (29 percent); Pennsylvania-7 (29 percent); Ohio-6 (29 percent); Iowa-1 (28 percent); Ohio-18 (27 percent); Connecticut-5 (26 percent); Pennsylvania-6 (26 percent); and Ohio-1 (25 percent). The Democrats won all but two of these (Ohio-1 and Pennsylvania-6). GOOODBYE CLAY SHAW. The victory in Florida-22 was particularly gratifying, as voters finally ousted Rep. Clay Shaw (R)—longtime chair of the House Social Security Subcommittee. Shaw had proposed a plan to privatize Social Security, while opposing repeal of the two Social Security offsets (GPO and WEP) that penalize many public pensioners. Shaw was defeated by Ron Klein (D), 51 to 47 percent.

This year, senior voters had some powerful issues to consider when casting their votes. Polls of likely voters just before Election Day showed that the war in Iraq topped the list of seniors’ concerns (38 percent), but Social Security and Medicare issues came in second, cited by 22 percent.

In August, CSEA Chapter 1000 held its 22nd Annual Retiree Delegates Meeting in Syracuse, New York. Delegates from retiree locals throughout New York and Florida heard updates on employer-sponsored health benefits Social Security privatization and Medicare Part D. Also, the New York State Police gave a presentation on Identity Theft and Scams Against the Elderly. This year’s Donald Webster Mission Achievement Award went to Harold Price, a longtime New York City activist and member of Retiree Local 910 (pictured here, third from left, along with, l to r, Retiree Local 910 Pres. Barbara Rustin, CSEA Pres. Danny Donohue, and Charles Peritore—Chair of the CSEA Retiree Executive Committee.)
American Federation of State, County and Municipal Employees, AFL-CIO

Social Security: The Privatizers Won’t Give Up

Americans know that Social Security is much more than a card — it’s a promise from each generation to the next. In 2005, however, President Bush and his supporters tried to break that promise with a privatization plan that would have weakened the retirement security of average Americans by significantly reducing future benefits. It also would cost trillions of dollars, creating a huge increase in the national debt.

AFSCME’s Campaign. For over a year, AFSCME and the coalition we founded — Americans United to Protect Social Security — waged an aggressive grassroots campaign to convince members of Congress to protect Social Security, not destroy it through privatization and massive benefit cuts. When the majority of Americans made it clear they didn’t want to replace the dependable 70-year-old system, Congress put aside the President’s privatization plan and AFSCME breathed a sigh of relief.

Much to our disbelief, however, the privatizers haven’t given up. Despite our success last year in beating back the President’s plan, the forces behind privatization — including President Bush, his congressional allies and Wall Street investment interests that stand to make big profits — now say they will never give up their assault on the most successful domestic program ever enacted in the United States.

ROUND TWO. So, get ready for another round of attacks on Social Security. On several occasions this summer and fall, Bush said that reforming Social Security would continue to be a top priority for as long as he serves as President. In June, his chief of staff, Josh Bolton, told the Wall Street Journal (June 17, 2006) that the administration was laying the groundwork for its efforts to privatize Social Security next year.

That was followed in August with a speech by Treasury Secretary Henry Paulson at Columbia University, where he said he hoped to lead the administration forces pushing for private accounts.

WHAT ELECTION? Even their party’s overwhelming defeat on Election Day didn’t seem to change the administration’s agenda. The very next day, the President said he would move forward with his Social Security plan, asking Paulson to reach out to members of the new congress.

Also, The New York Times reported on Nov. 12 that Ken Mehlman, chair of the Republican National Committee, told a crowd gathered at Americans for Tax Reform headquarters that, despite the election, President Bush would not flinch from Social Security privatization.

Millions Fall Through ‘Doughnut Hole’

In September, the Medicare Part D drug program passed another milestone in its problem-ridden history: Doughnut Hole Day. By that day, Sept. 22, the average Part D participant with high drug costs had fallen through the infamous “doughnut hole” and was back to paying the full cost for prescription drugs.

Here’s how it works. For seniors participating in Medicare Part D plans, the senior pays a monthly premium averaging around $30 and the plan covers most of the cost of prescription drugs up to $2,250 this year. Some plans also have deductibles the senior must pay before coverage begins and most plans have senior citizen co-pays that average 25 percent of the cost of each drug.

Big Coverage Gap. Once seniors reach $2,250 in drug costs for the year, they continue to pay monthly premiums, but get no coverage in return. That’s the doughnut hole — the big gap in Part D coverage. While in the hole, seniors pay 100 percent of all drug costs until costs total $5,100. At that point, Part D resumes coverage until the end of the year, paying 95 percent of all additional charges. Estimates show that between 3.4 and 7 million Part D participants will spend enough on drugs in 2006 to fall through the coverage hole. You probably want to know why Part D has such a big gap in coverage. The reason goes back to how Congress structured the Part D benefit and how it allocated the money set aside for it.

• Private plans instead of Medicare: By providing the Part D benefit through hundreds of private insurance plans, Congress divided the market and prevented Medicare from using its enormous buying power (over 42 million beneficiaries!) to negotiate lower prices with the drug companies. A study by the Center for Economic and Policy Research (CEPR) says using private plans for Part D instead of letting Medicare itself provide the coverage is costing the program more than $5 billion a year in higher drug costs. That money goes directly to insurance and drug companies rather than helping seniors pay for the drugs they need. The amount would be enough to close up 22 percent of the doughnut hole.

• Excess profits for drug companies: CEPR and another organization, Families USA, studied how much the drug companies are making on Part D and how their profits affect Part D coverage by comparing the prices paid by the Department of Veterans Affairs (the VA negotiates drug prices on behalf of millions of veterans) with the prices paid by private Part D plans. For example, the price Part D plans pay for Lipitor — the popular cholesterol lowering medicine — is $1.2 billion more than the VA pays. The excess profit on Lipitor alone would close up 6 percent of the doughnut hole.

Fix Part D. The leaders of the newly elected Congress have put fixing Part D at the top of their agenda. In fact, the new House Speaker, Rep. Nancy Pelosi (D-CA), has said that Democrats will push for negotiated prices in the first hundred hours of the new Congress. AFSCME wants the resulting savings to be used to close the doughnut hole. We also urge Congress to allow Medicare itself to be a Part D plan choice and to eliminate the Part D penalty (1 percent in additional premiums for each month a senior delays the decision to sign up) until the program is fixed (most retirees with union or employee coverage are exempt from the penalty).