

15-B INSIDER

<http://www.me15b.org>

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MICHIGAN EDUCATION ASSOCIATION



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Stop the Attack on Your Health Benefits!

Urge your Legislator to Vote No on SB 895, 896, 897, & 898

A package of four bills was introduced in the Michigan Senate on Thursday, November 10, 2005 to change health care for school employees in the State. They deal with the following:

- **SB 896** - A new statute to create a catastrophic stop loss plan; provide for self-insurance pooling; provide for release of data; and related issues for school employees.
- **SB 895** - An amendment to the school code for K-12, ISDs and charter schools to make them subject to the above new statute.
- **SB 898** - An amendment to the Community College Act of 1966 to make them subject to the above new statute.
- **SB 897** - An amendment to the inter-governmental contract act to allow pooling for health benefits.

These bills are redundant, risky, and the estimated savings are non-existent! What the risks of these bills?

The bills are a violation of privacy. It requires that insurers in the school market provide detailed claims data by school district which would undermine the tested, effective business model of MESSA. This bill would VIOLATE MEMBER PRIVACY.

These bills are risking financial stability and will eliminate State safeguards: It allows school districts to join together to form self-insurance pools with no oversight or requirement that they be funded and managed properly. Current law allows districts to join together and form self insurance pools, but they must do so under the terms of the State insurance code and with oversight from the insurance commissioner. **This will allow districts to risk the members' financial stability by not having regulations and State-mandated safeguards.**

These bills would create government bureaucracy where

members would be most at risk. It calls for the State to establish a stop loss fund for large claims to be patterned after the Catastrophic Claims Fund that the State operates for large automobile insurance claims. The current Catastrophic Claims Fund has been a horribly expensive endeavor that has ever increasing costs associated with it. It is a classic example of what happens when government tries to operate a business, and we believe that the same thing would happen to school employee health costs if the State takes over the function that is currently being operated by the private sector.

Contact Your Legislator NOW!

Senator Michelle McManus - (R-MI 35th)
905 Farnum Building, Lansing, MI 48909-7536
Phone: (517) 373-1725 Fax: (517) 373-0741
E-mail: SenMMcManus@senate.michigan.gov

Rep. Darwin Booher - (R-MI 102nd)
166 House Office Building, Lansing, MI 48909-7514
Phone: (517) 373-1747 Fax: (517) 373-9371
E-Mail: darwinbooher@house.mi.gov

Rep. Goeff Hansen - (R-MI 100th)
S1289 House Office Building
P.O. Box 30014, Lansing, MI 48909-7514
Phone: (517) 373-9469 Fax: (517) 373-7317
E-Mail: goeffhansen@house.mi.gov

For more information on writing your Senator or Legislator you can go to the MEA website and click on Government Affairs.

BARGAINING UPDATE

Bargaining 06-07: Evart EA, Pine River ESP, Marion ESP



MARK YOUR CALENDAR

Nov. 21	Cyndi out of the office – Meeting in Lansing
Nov. 23 & 24	MEA office closed – Thanksgiving Holiday
Nov. 27-Dec 1	Cyndi out of the office – CORE Training (<i>last one!!</i>)
Dec. 6-8	MEA office closed – Northern Zone Staff Training
Dec. 19	Coordinating Council Meeting – 7:07 p.m.



Privatization - is Your Job Safe?



In public schools today little is safe from commercialization and privatization. A wide variety of companies and corporations are attempting to take over virtually all of the work traditionally performed by school district employees, from teaching to providing student transportation to cooking meals to cleaning and maintaining school buildings and grounds and more.

The attempted corporate takeover of our system of education has its roots in support service. It is in this area that private contractors have been around the longest, and where contracting out is the most widely practiced. The Michigan Education Association is strongly opposed to privatization because of the threat that it poses to the quality of education; the accountability of public schools to the communities they serve; and to the well being of children in school.

The term "privatization" typically refers to shifting the delivery of services performed by public employees to private businesses. This usually occurs in the form of contracting out (also called "outsourcing"), whereby public organizations enter into contracts with private companies for the delivery of services.

Unfortunately, some school districts have been contracting out various educational support services for decades. Many of the tasks they perform are often erroneously viewed as "peripheral" services that are detached from the rest of the system of education, and thus easily separated from "core" educational functions. There has been no shortage of private companies actively seeking to perform education support functions, particularly in transportation, maintenance, custodial, and food services. In colleges and universities the practice of contracting out is even more widespread.

Public education has seen a growth in private sector involvement on several other fronts. One is the emergence of an "education industry" composed of private companies that take over administrative and teaching functions for entire schools or even school districts. Another is the steady growth of corporate commercial activities within public schools, including sales, advertising, and market research activities. The third is the voucher movement, which threatens to drain resources from public schools to subsidize private schools.

These forces, combined with support services contracting, amount to an attempted private sector takeover of the entire system of public education. If these forces were allowed to

continue unabated, one could imagine a system of public education where nearly all administrative, teaching, support, and even cultural functions would be controlled by private companies, reducing the role of elected school boards to glorified contract administrators. Clearly, this prospect gives new and deeper meaning to the term "privatization."

The Financial View of Privatization

Contrary to conventional wisdom, privatizing public school support services does not necessarily yield cost savings. Paying less for custodial, transportation and food services most often results in a reduction in the quality or quantity of those services. In some cases, privatization actually results in *higher* expenditures for those services.

Earlier this decade, the rhetoric regarding the "benefits" of privatizing public school services in Michigan was subdued. Most school boards, after weighing the costs and benefits of privatization, chose to keep support services in-house. However, more recent freezes in school funding sparked renewed interest in privatization.

The appeal of privatization is based on the flawed economic assumption that private companies can provide the same services as public school employers at lower costs. Theoretically, a good contract with a private firm could provide the same services with the same quality, responsiveness and accountability as an in-house operation. The problem is that to achieve this, a private contractor is very likely to charge more than it costs to provide the service in-house. Private contractors need to earn profits; finance corporate overhead; and pay taxes. These factors drive the cost of the contract up and/or the quality and quantity of the service down. Time after time, districts that try to save money by hiring private contractors end up with inferior service, higher costs, or both.

The driving force behind privatization seems to be the marketing of the privateers themselves. There is little wonder why private companies are interested in Michigan schools — there is a lot of money to be made. For example, Michigan schools serve 120 million lunches every year, bringing in revenue of more than \$350 million. In 2003, school districts spent \$487 million on transportation and \$1.2 billion on operations and maintenance.

December's newsletter will contain a date for an informational meeting about spotting the signs of Privatization in your district.

Bargaining PA/PR Conference is Moving to Detroit!

This year all sessions for the Bargaining Conference on February 1st – 3rd will be held under one roof at the Cobo Center. The hotel for the conference will be the Marriot at the Renaissance Center.

The largest of all MEA Conferences, the sessions offered enhance the skills of local leaders and members and addresses the current issues in bargaining, public relations and political action. The deadline for registration is Thursday, Dec. 14th.

This year's keynote speaker will be Alexis Herman. President Jimmy Carter's appointment made her the youngest director, at age 29, of the Women's Bureau in the history of the Labor Department. And on May 1, 1997, Herman was sworn in as America's 23rd Secretary of Labor, and the first African American ever to lead the United States Department of Labor.

