

**SEIU LOCAL 1000 SPECIAL URGENT COUNCIL MEETING**  
**September 9, 2006**

**Agenda Item:** 1 (a)  
**SUBJECT:** Membership Dues  
**SUBMITTED BY:** Cathy Hackett, Vice President, Secretary-Treasurer

**RECOMMENDED ACTION:**

To build our union's strength and win for members, the Local 1000 Council approves the following changes to the regular membership dues:

Effective January 1, 2007, regular membership dues will be set at 1% of gross wages to a maximum of \$75 per month and regular membership dues of permanent intermittent and seasonal employees will be \$8 per month.

Also, effective January 1, 2007, dues for members in a non-working status will be \$5 per month.



Effective April 1, 2007, regular membership dues will be set at 1.5% of gross wages to a maximum of \$90 per month, regular membership dues of permanent intermittent employees will be \$28 per month and regular membership dues of seasonal employees will be \$15 per month.

Effective July 1, 2010, regular membership dues will be set at 1.75% of gross wages to a maximum of \$135 per month.

Effective on the first day of the first pay period in which the State Controller is able, and agrees, to electronically deduct regular membership dues as a percent of gross wages for permanent intermittent and seasonal employees, dues for these members will be set at the same percentage with the same maximum amount as other regular membership dues.

**BACKGROUND:**

This resolution is the next step in meeting our goal of becoming the strongest and most influential union of California state employees. It will allow Local 1000 to continue to defeat attacks on our retirement and health care, and to fight for improved contracts by implementing the programs of the Committee for a 21<sup>st</sup> Century Union, which were adopted by the Local 1000 Council.

The bottom line is that if we want to continue to have a strong union with the power to win for the members, if we want to build on and improve what we have created in the last two years, we've got to raise the money to support it.

We must also repair the structural budget deficit that will leave us with a \$6.7 million deficit in 2007 if we don't raise our dues.

The proposed dues increase is reasonable and moderate. Phased-in over 3 ½ years, it distributes the burden fairly between lower-paid and higher-paid members.

Last year, we defeated the attack on our retirement by Gov. Schwarzenegger and his allies. We helped defeat the anti-union initiatives that would have silenced our voice in politics and allowed the governor to unilaterally overturn our contracts and cut state services. And we won a good contract. The \$15 million we spent on this campaign paid off with a contract worth half a billion dollars.

We used all of the union's reserve funds to win these extraordinary victories. We also used most of the \$12 million Fight Back Fund, and will use the remainder during the November 2006 election campaigns. We received a \$10 million rebate on our per capita and a \$3 million direct contribution from SEIU.

The funds which supported these campaigns are no longer available. Without a dues increase we will be forced to significantly cut services and representation, we will be unable to wield the political strength we need to defend our members, and we won't be able to conduct an all-out campaign to win better contracts in 2008 and beyond. Without a dues increase we will revert once again to being a union without real strength, vulnerable to the growing strength of those that want to dismantle and outsource state services and state employees' jobs.

Over the last two years, Local 1000 has proven that with sufficient resources we can win for the members. This dues increase will give us the stable financial base we need to keep winning for all Local 1000 members.

**ESTIMATED COST/SAVINGS:**

**FUNDING SOURCE:** N/A

**COUNCIL ACTION:**

**MOTION CARRIED**

**PROPOSED DUES RATES ARE AS FOLLOWS:**

Year	Rate
2007	1.00% for first 3 months of the year cap is at \$75, remaining 9 months of the year the cap is at \$90 and per cap rate is 1.50
2008	1.50% with a cap at \$90
2009	1.50% with a cap at \$90
2010	1.50% with a cap at \$90 thru June 30, 2010, and effective July 1, 2010 rate is 1.75% with a \$135/ month cap

\* Seasonal employees will pay \$8/month from 1/1/07-3/31/07; effective 4/1/07 seasonals will pay \$15/month

\* P/I's will pay \$8/month from 1/1/07-3/31/07; effective 4/1/07 P/I's will pay \$28/month

Year	Member Dues	Intermittent Member Dues	FSP Germane Fees	FSP Political Objector Dues	FSP Dues	FSP Intermittents	Deduct for cap limit	Total
2007	\$ 36,949,480	\$ 401,856	\$ 1,720,669	\$ 1,416,265	\$ 13,789,852	\$ 296,984	\$ (708,973)	\$ 53,866,132
2008	\$ 40,937,783	\$ 401,856	\$ 1,837,826	\$ 1,569,276	\$ 15,278,320	\$ 296,984	\$ (935,758)	\$ 59,386,286
2009	\$ 40,937,783	\$ 401,856	\$ 1,837,826	\$ 1,569,276	\$ 15,278,320	\$ 296,984	\$ (935,758)	\$ 59,386,286
2010	\$ 44,349,265	\$ 401,856	\$ 1,992,492	\$ 1,700,937	\$ 16,551,513	\$ 296,984	\$ (488,781)	\$ 64,804,265

**IMPACT OF PROJECTED DUES INCREASES ON FUTURE BUDGETS:**

	2007 Budget (as adjusted)	2008	2009	2010
Projected Revenues	\$ 53,866,132	\$ 59,386,286	\$ 59,386,286	\$ 64,804,265
Less:				
Payroll	\$ (9,070,319)	\$ (9,834,135)	\$ (10,129,159)	\$ (10,433,034)
Employment overheads	\$ (2,540,000)	\$ (2,794,000)	\$ (3,073,400)	\$ (3,165,602)
Pension	\$ (1,820,100)	\$ (2,458,534)	\$ (2,532,290)	\$ (2,608,259)
Program expenditures (other than payroll related)	\$ (24,490,402)	\$ (25,470,018)	\$ (26,488,819)	\$ (27,548,372)
Central Support costs	\$ (4,296,818)	\$ (4,468,691)	\$ (4,647,438)	\$ (4,833,336)
Central Support fund transfer	\$ (480,000)	\$ -	\$ -	\$ -
PAC transfer	\$ (494,000)	\$ (513,760)	\$ (534,310)	\$ (555,683)
Capital acquisitions	\$ -	\$ -	\$ -	\$ -
<b>Net income prior to 21st Century projected costs</b>	<b>\$ 10,674,493</b>	<b>\$ 13,847,148</b>	<b>\$ 11,980,869</b>	<b>\$ 15,659,980</b>

**Assumptions:**

1. Payroll costs inflate at rate of 3% per year (plus no 5% vacancy factor present as in 2007)
2. Pension costs are assumed to be 25% of payroll
3. Employment overheads inflate at rate of 10% per year
4. All other costs inflate at rate of 4% per year