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DPS's Roberts overrides contract, imposes cuts; union pres. vows fight

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/ *The Detroit News*

Detroit - Wielding power under a new state law to modify union contracts, Detroit Public Schools emergency manager Roy Roberts this morning imposed a 10 percent wage cut on all employees and moved the district to a less costly benefits plan.

The move, announced by Roberts this morning at a meeting with leaders of eight unions representing nearly 10,000 employees, will save DPS \$81.8 million dollars this year alone at a time when the district is struggling with a \$327 million budget deficit.

Roberts became the first emergency manager of a Michigan school district to use the power of the state's Emergency Manager Law to modify existing collective bargaining agreements.

"This is not aimed at bad people. It's bad economic times. There is a dual crisis at Detroit Public Schools. One is academic — this one is financial," Roberts said today.

Roberts first announced the wage concession when the district released its annual budget last month. Union leaders balked at the time, saying they would fight the move and had already given millions in concessions to Roberts' predecessor, Robert Bobb.

Keith Johnson, president of the Detroit Federation of Teachers, which has 5,922 members, said the union will not accept Roberts' plan.

"He gave us his notice, now I'm about to take the action I need to," Johnson said this morning, declining to explain what that action will be.

Asked whether teachers would strike or not show up for school this fall or whether the union is considering legal action, Johnson refused to answer the question.

"At this point, I'm not going to say anything about what we are going to do. What he brought forth is not acceptable and will be not accepted by the DFT," he said.

In 2009, the union gave \$93 million in concessions for its contract that expires in June.

A 10 percent wage reduction would mean an average of \$7,300 per teacher for the teachers expected to return this fall, DFT officials have said.

Roberts said DPS has cut \$231 million in expenses for 2012-2013 as well as \$41.7 million in contracts and shed buildings and personnel to rightsize itself. But the wage concession and health care change were necessary to allow the district to spend only what it takes in financially, he said.

Under the health care benefit change, employees now will pay 20 percent of the plan. Some now pay nothing; others pay 10 percent.

"We've got to get our financial house in order and we need to educate kids," Roberts said.

Roberts sought and received approval from Michigan Treasurer Andy Dillon to modify collective bargaining

agreements with the unions, which include the Detroit Federation of Teachers, AFSCME Local 345, the Detroit Federation of Paraprofessionals and others.

Dillon said today Roberts held a total of 45 meetings with the unions to discuss concessions. None were offered.

"He met on enough occasions to get concession voluntarily. We believe he is at an impasse," Dillon said.

Dillon said his office, which reviews budget decisions at DPS while it is under a financial emergency, does not see how DPS can balance its budget and eliminate its deficit long term without the concessions.

"This is something we don't take lightly. ... All the conditions in the law are met. This is addressing a comprehensive problem that is interfering with this school district's ability to educate the children of Detroit," Dillon said.

"This is putting kids first," Dillon added.

The power given to Roberts came in May after lawmakers and Gov. Rick Snyder amended the state's law to give emergency managers broad powers.

Public Act 4, also known as the Local Government and School District Fiscal Accountability Act, places DPS into receivership and grants the Emergency Manager the ability to reject, modify or terminate collective bargaining agreements.

The effective date for the wage concession is today, but employees will see the concession in their Aug. 23 paycheck, DPS officials said. The wage takes the place of all previous concession arrangements, including the \$250 deduction teachers were giving DPS every two weeks to help the district during its financial crisis and all furlough days.

The health care plan is effective Sept. 1.

The wage concession is for unionized employees and all non-union employees including principals, assistant principals, administrators and Roberts himself.

Roberts said he knows employees will not like what he is doing.

"I think they will be reasonable and understand the challenges in front of us," Roberts said, responding that he does not believe leaders will threaten to strike.

It is illegal for teachers to strike under the law in Michigan.

George Washington, an attorney who has represented the Detroit Board of Education on legal matters, said he thinks the union can wage a legal battle in the courts against the action.

"It's an impairment of the contract. They signed it in agreement with the prior emergency manager," Washington said. "It's a contract that was entered into and agreed to. There are constitutional protections to that."

Keith January, president of the AFSCME local, which has 1,400 member at DPS, including food service workers and bus attendants and aids for special needs students, said the pay cut and health care cost increase will force his employees to consider public assistance.

"It will devastate our bargaining unit, who all make less than \$24,000 a year," he said.

He also thinks the move will fuel the fire to put a voter referendum on the ballot to strike down Michigan's emergency manager law.

His union already gave \$10.5 million in concessions under Bobb last year.

"We think that contract should be honored. It was signed under an emergency manager. Nothing has changed. Why are we being asked to give more money?" he said.

In June, Pontiac dispatchers became the first Michigan public employees to have a contract voided under Public Act 4. The Oakland County city received state approval to cancel union contract protections for 10 police dispatchers, allowing the city shutter its police department to help cut into a budget deficit of more than \$10 million.

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Additional Facts

How cuts break down

Detroit Federation of Teachers

5,922 employees

\$43 million in wage cuts

\$6.9 million in health care costs

\$12.7 million for suspension of sick leave payout upon retirement

\$4.7 million suspension of step increases

Total: \$70 million

AFSCME

966 members

Total: \$4.1 million

Detroit Federation of Paraprofessionals

558 school service members/1,032 food service employees

Total: \$802,202

Detroit Association of Educational Office Employees

474 members

Total: \$2.8 million

Organization of School Administrators and Supervisors

190 members

Total: \$2.8 million