



Fair Dues Committee

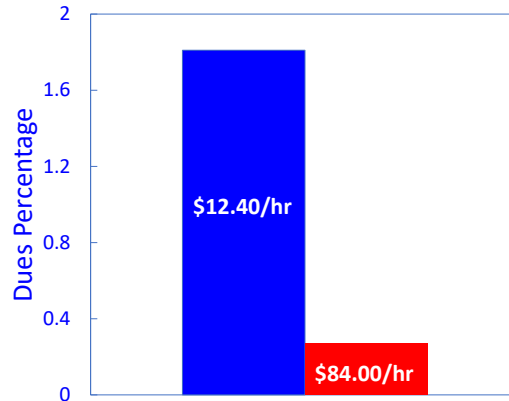
Bob Hooper
Megan Kinlock
Leslie Matthews
Heather Pembroke
Amy Kinsell, Staff Advisor
Adam Norton, Data Support

At last year's Annual Meeting, the membership voted in support of forming a study committee that could conduct research, consider our options, and come up with one or more proposals for creating a more equitable dues structure. Today I'm going to give an update and provide information to inform a discussion of any dues changes we might want to consider, after we hear Jackie's budget presentation and approve our budget for the coming year. A lot of this will be familiar already to those who were at the July Council Meeting, but not everyone may have been there so I'm going to start from the beginning and ask that the rest of you forgive me for going over some of the same material again.

Current Dues: \$18 per pay period = \$468 per year

Lowest Paid VSEA Member Pays 1.81% of their annual salary in dues

Highest Paid VSEA Member Pays 0.27% of their annual salary in dues

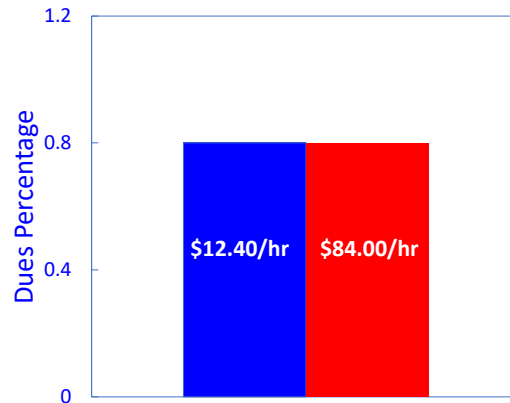


Currently, as you know, our dues are paid at a flat rate of \$18 per pay period , which comes to \$468 per member per year. Members at the low end of the pay chart pay exactly the same amount as members at the high end of the pay chart. What this means is that the lowest paid members pays almost 2% of their annual salary in dues, whereas the highest paid members pays less than 0.3%.

Current Dues: \$18 per pay period = \$465 per year

Lowest Paid VSEA Member Pays 1.0% of their annual salary in dues

Highest Paid VSEA Member Pays 1.0% of their annual salary in dues



What the fair dues committee would like to do is come up with a dues formula closer to this, that places less of a burden on our lower paid members.

Do our dues inhibit some state employees from joining VSEA?

Survey Results (n = 84):

40% of non-member respondents cited cost as a factor in not joining VSEA

In addition to being more fair, a more equitable dues structure might actually increase our membership. In a recent survey of state employees who are not currently members, when asked to comment on why they hadn't joined, 40% of respondents commented that cost was an important factor in their decision not to join.

Would a fairer dues structure make it possible for them to join?

Comments Such As:

- Dues too expensive
- Costs too much
- Weekly cost
- Cost of Membership
- The fees are a little much when I have a large family to provide for.
- Financially unable at this time.
- I currently cannot afford the dues
- I'm a single mom. The fee is a bit too high so I cannot afford the yearly fee.
- I would like to become a member in the future but right now my finances are very tight.
- Once money is not as tight in my household I would love to join.

Respondents offered comments such as It would be great if a fairer dues structure enabled more of these state employees to be able to join VSEA.

How Does VSEA Compare?

Union	Dues
Vermont State Employees Association	\$18.00
Massachusetts State Employees (NAGE)	\$19.20
United Nurses and Allied Professionals	\$19.70
AFSCME Council 93 (New England)	\$19.80
Granite Cutters Association	\$22.50
SEIU 1989 (Maine State Employees)***	\$22.52
AFT Nurses	1%+\$2.50
SEIU 1984 (NH State Employees)	1.25%
Steel Workers	1.45%
UAW	1.45%
SEIU 509 (Massachusetts)	1.50%

Take-Aways

1. Many unions pay dues by percentage
2. VSEA dues are relatively low

Adam Norton helped the committee obtain some information about how some other unions in our region collect dues. There were two take-aways from this information....

Interestingly, Maine State Employees are currently in the process of moving toward a percentage-based dues structure.



Maine SEUI 1989 (Maine State employees)

- Until September 2019, Maine applied a flat rate of \$22.52/pay period
- Wanted to increase equity and remove barriers to union membership
- Launched a year long study committee, then in October 2019, began to shift units to a % of gross hourly wage with cap.
- Observed increase in dues revenue after shift.
- Maine Study Committee will review dues revenue & structure in October 2020

Heather Pembroke, on our committee spoke to someone from the Maine State Employees Union, and provided this summary of that conversation.

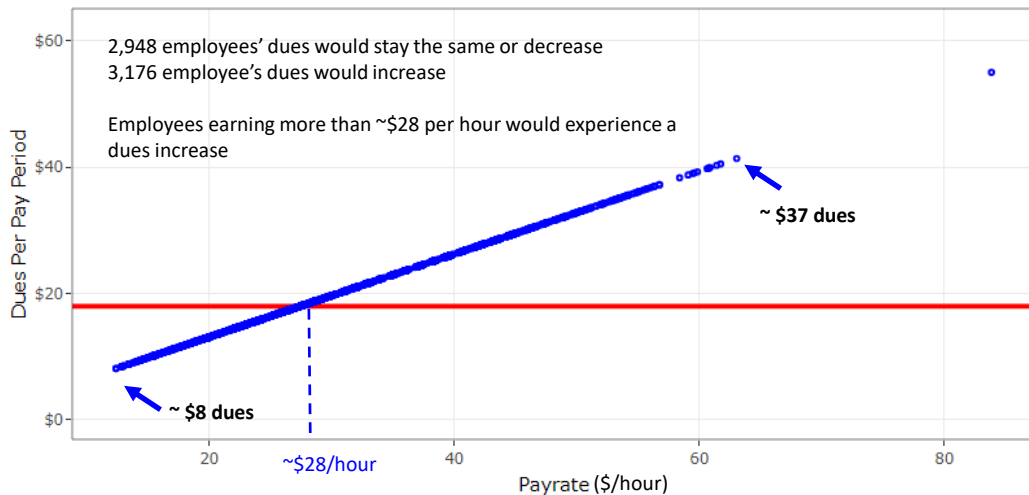
What If VSEA Paid Dues By Percentage?

Union	Dues Rate
Vermont State Employees Association	0.8%
AFT Nurses	1%+\$2.50
SEIU 1984 (NH State Employees)	1.25%
Steel Workers	1.45%
UAW	1.45%
SEIU 509 (Massachusetts)	1.50%

VSEA Current Dues – if everyone paid by percentage – would be ~ 0.8% per member

Adam Norton also provided us with a complete dataset of VSEA member salaries (with names redacted!) so that we could do some calculations and develop future proposals. It turns out, that if VSEA paid dues on a strictly percentage basis, our dues would need to be about 0.8 percent, per member, to achieve our currently budgeted revenue of about \$2,835,000 dollars.

If Dues Were 0.8% For Everyone...



So what would that look like, if our dues were 0.8 percent for everyone? In this graph, hourly payrate is shown on the x axis, and dues per pay period are shown on the Y axis. The blue line is actually a series of dots, in which each dot represents one of our 6100 members. The red line represents our current dues, of \$18 per pay period. So with a 0.8 percent dues rate, the lowest paid state employees earning \$12.40 per hour would pay about \$8 dollars per pay period in dues, while an employee earning \$63 per hour would pay about \$37 dollars per pay period. Everyone earning above about \$28 per hour would see a dues increase of some amount. Everyone earning below about \$28 per hour would see a decrease.

The Fair Dues Committee recognized that paying dues strictly by a percentage like this would be quite an extreme change in our dues structure to implement overnight. And in fact, representatives from other unions that pay by percentage told us that a common practice, and what worked for them, is to use percentage-based dues, but also include a maximum amount, and perhaps a minimum amount as well, especially at the beginning, when transitioning to a percentage based dues structure.

Fair Dues Committee Recommendation...

- ❖ Percentage dues $\geq 0.83\%$
- ❖ \$16 per hour minimum dues (\$52 per year decrease)
- ❖ \$19 per hour maximum dues (\$26 per year increase)
- ❖ Implementation July 1, 2021

Therefore, the fair dues committee has developed a recommendation based on our research also emphasizing the need to make a modest change that would begin to phase in a more equitable dues structure. Our recommendation is that dues be set to a percentage of 0.83%, with a maximum dues payment of \$19 per pay period, and a minimum dues payment of \$16 per pay period. Under this proposal, employees who earn at the lowest end of the pay scale would receive a dues reduction of up to \$2 per pay period, for a maximum dues reduction of \$52 per year. At the other end of the pay scale, the highest dues increase anyone would experience is \$1 per pay period, or \$26 per year. In the middle of the pay scale, members would pay based on the percentage rate. We also recommend that we target implementation of this new dues structure to begin on July 1, 2021. This means that the dues increase for those who will be paying a bit more, will coincide with our bargained pay raise, further helping to minimize the impact. It also gives us plenty of lead time to work with the staff who manage our payroll, to implement the change.

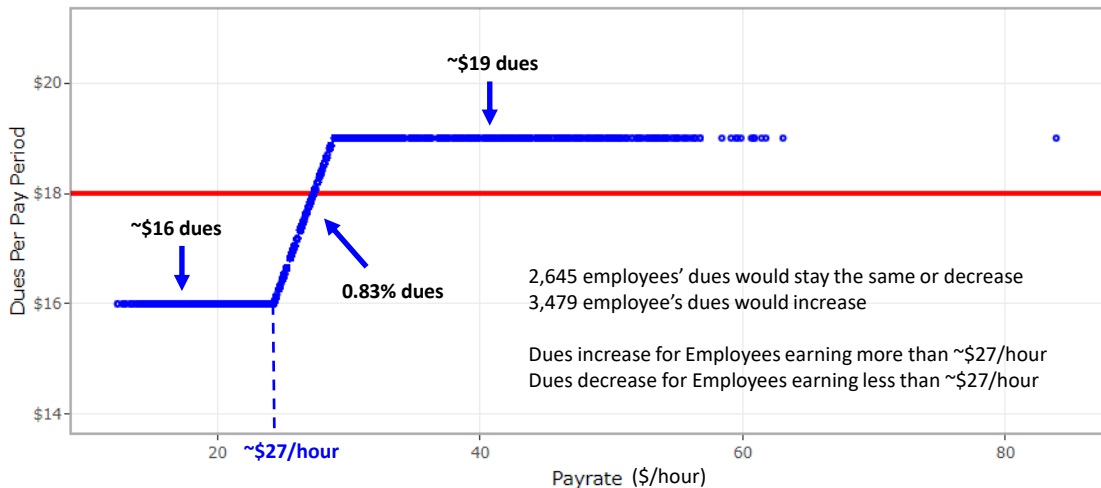
Fair Dues Committee Recommendation...

- ❖ Percentage dues $\geq 0.83\%$
- ❖ \$16 per hour minimum dues (\$52 per year decrease)
- ❖ \$19 per hour maximum dues (\$26 per year increase)

*If dues had kept up with inflation since 2012
they would now be \$19.15 per pay period

So how did we come up with these numbers? Well, we set the \$19 maximum to be a modest change but sufficient to make it possible to give a break to lower-paid employees. We also noted that based on Adam Norton's calculations, if our dues had just kept up with inflation since 2012, they would now actually be \$19.15 per pay period. So all of us in a sense have seen the real value of our dues decrease a bit over the past 8 years. Then, based on a maximum of \$19 per hour, we set a percentage and minimum dues amount that would allow the change to be revenue-neutral, while at the same time beginning to move us to a more equitable dues structure.

Fair Dues Committee Recommendation...



So here's what the graph I showed you earlier looks like based on our recommendation. Dues are set at .83 percent with a maximum of \$19 and a minimum of \$16. Under this scenario, employees earning more than about \$27/hour would see some amount of dues increase, up to a maximum of \$19 per hour. Meanwhile, employees earning less than \$27 an hour would stay the same or see a decrease of some amount, down to a minimum of 16 dollars/hour. Overall 2,645 employee's dues would stay the same or decrease, while 3,479 employee's dues would increase by some amount.

Fair Dues Committee Recommendation...

Unit	# Employees Dues Same Or Decrease	# Employees Dues Increase
AssociateMember	7	158
Corrections	426	259
DefenderGeneral	18	5
HousingAuthority	50	7
Judiciary	160	33
NMU	1821	2074
StatesAttorney	23	51
Supervisory	46	820
VSC	159	7

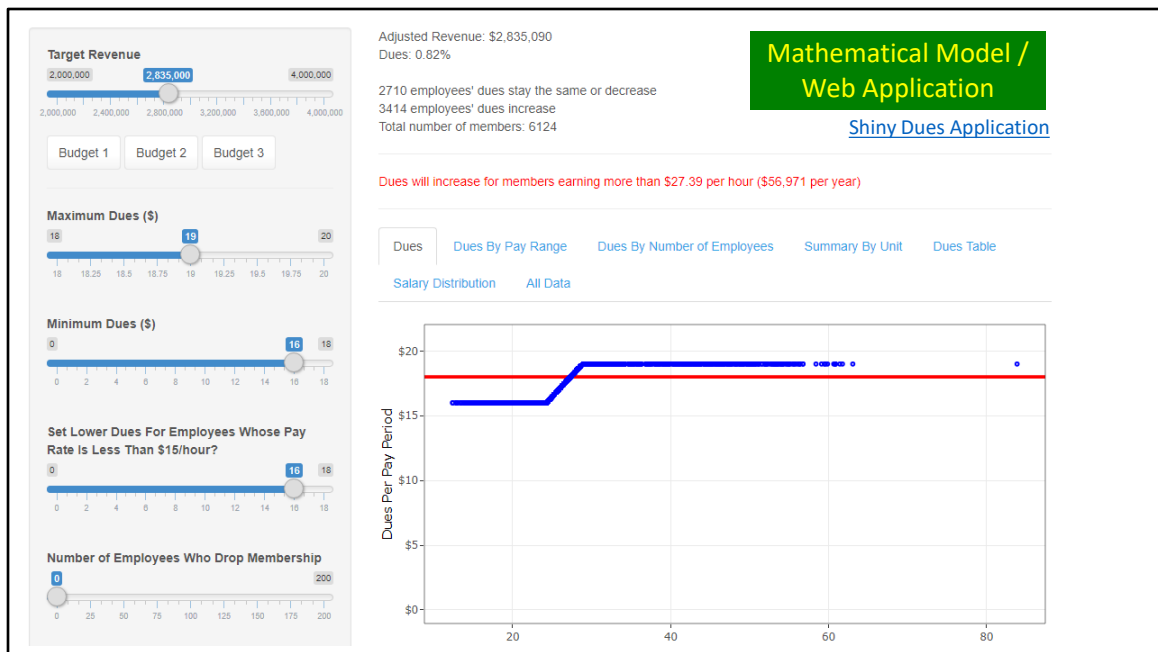
Here's the number of employees whose dues would decrease or increase, broken down by unit. Some of our lowest paid members work in corrections, judiciary and the Vermont State Colleges. And as you can see well over half of Corrections Unit members, most of Judiciary members and almost all Vermont State College members would see a decrease in dues. Many employees in NMU would also see a decrease. Supervisory members, who tend to be on the higher end of the pay scale, would mostly experience an increase in dues, but remember, this increase would never be more than 26 dollars per year.

Fair Dues Committee Recommendations...

Budget #	Revenue	Equivalent Flat Dues Rate	Percentage Dues Rate*	Cut Off Payrate	# Employees Same or Decrease	# Employees Increase
1	\$2,835,000	\$18	0.83	\$27.14	2,645	3,479
2	\$2,890,000	\$18.35	0.90	\$25.02	1,871	4,253
3	\$2,914,000	\$18.50	0.94	\$23.95	1,601	4,523

***Percentage dues rate required to achieve revenue while accounting for \$19 maximum and \$16 minimum**

All of the above numbers are predicated on the lowest level budget of the three budget options that Jackie will be presenting today. This lowest level budget, row number 1 in this table, assumes no dues increase. Under this budget, our recommendation for a new dues structure would make our dues more equitable without actually changing the amount of money we raise through dues. However, Jackie will be presenting two other budget options, based on revenue we would achieve if we increased dues to 35 cents or 50 cents per hour, and this is shown in rows 2 and 3 in this table. So, what if the members at Annual Meeting decide we need to increase our budget to one of these levels? Our recommended percentage dues in this case would need to be higher to achieve the necessary revenue, but we would retain our maximum of \$19 per pay period and \$16 minimum per pay period. In order to achieve the higher revenue, this would mean that more employees would see an increase, and the cut off payrate between who sees an increase versus a decrease would be lower. So for example with the level 2 budget, employees earning more than 25 dollars per hour would see an increase, instead of employees earning more than \$27 per hour, as with the level 1 budget.



So that's the Fair Dues Committee's recommendations, and we hope they make sense – we think they do, based on our research and careful consideration. However, if you'd like to explore other options either today or during annual meeting, or other "what if" scenarios, such as a lower minimum dues level or a special dues rate for people making less than a livable wage, then I'm going to try to do that live, using the web application I built for running these calculations.



Questions?

Ideas?

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