WISCONSIN STATE SENATOR
DAVE HANSEN
SENATOR – 30TH DISTRICT
ASSISTANT MAJORITY LEADER

TESTIMONY: SB-282
SENATE COMMITTEE ON LABOR, ELECTIONS AND URBAN AFFAIRS
2/20/08
400 Southeast, State Capitol

Mr. Chairman and members of the committee, thank you for the opportunity today to testify in support of Senate Bill 282. This bill authorizes the Department of Employee Trust Funds (DETF) to allow Wisconsin Retirement System annuitants to deduct membership dues from their retirement pension. The deduction would be made by the retiree on a voluntary basis.

Currently, 39 public retirement systems have instituted a pension checkoff system like that which is being proposed here, including the Illinois and Arizona State Employees Retirement System, the New York City Employees' retirement

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system and the California Public Employees Retirement system to name a few. This is a convenient and efficient way for retirees to pay their dues and very helpful for labor organizations to collect their dues. I hope the committee will recommend this legislation for passage.

Thank you Mr. Chairman and members

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Testimony of Darold Lowe, Executive Board Member
Wisconsin/AFSCME Retiree Chapter 7
Senate Bill 282

Good Afternoon. My name is Darold Lowe and I serve on the Executive Board of Wisconsin Retiree Chapter 7, an affiliate of the American Federation of State, County and Municipal Employees. I want to thank you, Chairman Coggs along with the other Members of this Committee, for giving me the opportunity to testify today on behalf of our retiree organization.

The legislation I'm here to address, Senate Bill 282, would permit pensioners in the Wisconsin retirement system to sign voluntary dues deduction cards when joining labor and other organizations that represent retirees. In the case of union members in the workforce, the system is commonly known as "dues checkoff." For many years now, it has been AFSCME's primary method of dues collection for our working members -- here in Wisconsin and around the nation. In fact, most unions use a dues checkoff system, in cooperation with their members' employers.

The AFSCME Retirees organization was founded in 1980. Recognizing the efficiency of dues-checkoff, the union sought to incorporate it into our retiree membership program from the start. In jurisdictions where we organized retiree chapters, we tried to secure pension-check deductions through the legislative process, as we are attempting here.

Over the years, nearly 40 major public retirement systems have instituted checkoff from pension checks and the list has grown by an average of two or three systems each year. They include many state funds, including Illinois, New York, Connecticut, Arizona and Washington.

Automatic dues deduction has been extremely helpful to AFSCME retiree chapters. Nationwide, AFSCME has over 230,000 dues-paying retiree-members and many of our chapters have hundreds and even thousands on their membership rolls. Hand collection of dues can be a time-consuming and expensive procedure, often taking months to complete each year. Dues checkoff is a much easier process.

AFSCME starts by working with the retirement system on the appropriate language and format for a checkoff card. The goal is to devise the simplest and least expensive dues-deduction process for the retirement system. Once this is accomplished, retirees can voluntarily sign a card and authorize the retirement system to deduct dues every month for membership in AFSCME. The retiree chapter submits newly signed cards to the retirement system on a monthly basis.

Let me emphasize that the decision to sign a checkoff card is completely voluntary on the part of the pensioner. If, at any time, a retiree wishes to cancel his checkoff card, all he has to do is drop a note to the retiree chapter. The retiree chapter immediately reports the cancellation to the retirement system and the member's deductions stop.

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In most cases, however, automatic dues deduction is just as convenient for the retiree as it is for the union. Once a retiree signs up, he never has to write a check or remember to pay his dues. This is especially important for those members who take advantage of AFSCME's special membership benefits, such as our low-interest MasterCard or discount legal services plan. A lapse in membership for these retirees means cancellation of these benefits.

Many retirees find it more affordable to deduct a small amount of money from their pension check each month than to write a check for a larger amount each year. Of course, those retirees who prefer to write an annual check are welcome to do so, even when automatic dues deduction is in place. For most of our chapters, dues are $15.00 per member per year or $1.25 a month. Of that amount, the Chapter and its local subchapters keep 95 cents and send 30 cents to the International Union as a per capita tax.

When dues are collected through checkoff rather than by individual hand collection and renewal procedures, AFSCME retiree chapters have a lot more time to devote to other activities. Most of our state chapters have subchapters that meet regularly on the local level. In Wisconsin, we have several subchapters around the state.

When they meet, they like to socialize with friends from working days. They plan excursions, luncheons and community service projects, and invite guest speakers to their meetings. Speakers cover a variety of topics, providing information on pensions, Social Security and Medicare, wills and other legal matters, community resources, and health care.

Our chapters also follow developments in their pension plans and other retirement benefits. In some cases, they seek ways to protect or improve these benefits. On the Federal level, they monitor Social Security and other senior citizen issues in much the same way.

In short, automatic dues deduction gives AFSCME retirees more time and energy to do the things that brought them together in the first place. These men and women spent their lives building their union and working in the public service. In retirement, we think they deserve more than bookkeeping headaches.

AFSCME hopes you will agree and will look favorably on the institution of pension checkoff. Thank you again for your time and consideration.

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Testimony of Joe Kreuser, Executive Board Member
Wisconsin/AFSCME Retiree Chapter 7
Senate Bill 282

Good afternoon, my name is Joe Kreuser, and I too serve on the Executive Board of Wisconsin Retiree Chapter 7, thank you for the opportunity to speak today.

I'd just like to take a moment to reiterate some of the key points about pension check-off systems.

The first thing to remember is that this system is completely voluntary. No retiree is compelled to contribute once the automatic dues-checkoff system is in place. And once someone opts into the system they can opt out at anytime.

We are also not asking the state of Wisconsin to create a brand new system here. This is an increasingly common practice among public-sector retirement systems across the country, with 40 retirement systems implementing automatic dues deduction in states as varied as New York, Illinois, Arizona and California.

Under this legislation the Department of Employee Trust Funds will not be overrun with requests to allow automatic dues deduction from a multitude of organizations. This legislation limits access to this process to labor, professional and affiliated retiree organization. This bill prohibits any vendor or business enterprise involved in commercial activity from having access to the dues deduction mechanism.

Additionally, there are only a handful of public-sector retiree organizations in the nation. The 40 systems that have dues deduction have not been deluged with requests for access.

Finally, AFSCME's Retiree Program would be willing to share our nationwide checkoff experiences with any retirement system considering adoption of automatic dues deduction, in order to establish a process that is fair to all the involved parties.

Thank you for your time and consideration of this legislation. Streamlining the process for members to remain active in their union is an important way to keeping them active in our communities and our state. I once again urge you to support SB 282.

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