

New Perspectives on the Delivery of Public Services



American Federation of State,
County and Municipal Employees
Milwaukee District Council 48

Part of the Community . . .Part of the Solution.

Here We Go Again - Budget Déjà Vu

Once again, Milwaukee County faces serious budget challenges. As we develop the budget for 2005, "It's déjà vu all over again."

AFSCME Advocates

AFSCME has put forth well researched, innovative proposals that address several of the most critical issues affecting Milwaukee County

- Health Insurance Cost Savings
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- FICA Savings on Benefits

Privatization is Not Always the Answer

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HERE WE GO AGAIN- BUDGET DEJA VU



The short-sighted - though uncomplicated - tax freeze/spending cut mentality made for sexy official news releases, but created even larger problems. Freezes and cuts did not lead to more efficient government. Instead, they resulted in fewer services for Milwaukee County residents. They further restricted access to social services for those who need them most. And they cost Milwaukee County residents their jobs.

NEW BUDGET ... SAME ISSUES

Public policy that is stuck in the tax-freeze/spending-cut mentality results in the erosion of public services and the erosion of quality of life. It makes economic growth less likely. And it limits the public's choices while encouraging un-businesslike behavior among some of those working in the public trust.

Once again, Milwaukee County and the City of Milwaukee face serious budget challenges as we develop the budget for 2005. "It's déjà vu all over again."

Government needs to take a new business-like approach that incorporates intra-agency efficiencies, collaboration, competitive and internal bidding, checks and balances, accountability, and a new willingness to rethink the ways in which everyday services are delivered to Milwaukee County residents.

"It's not just a matter of what you're spending. You have to look at what you're getting. AFSCME needs to be at the table bringing inside knowledge of exactly what services are being provided - and how. How else can anyone know the real ramifications of budget cuts?"

- Patty Yunk, March 5, 2004

Furthermore, government needs to be more transparent so that taxpayers and interested parties can provide relevant input; and so that media can provide timely coverage that is useful to the public, rather than be put in the position of repeatedly offering after-the-fact coverage.

AFSCME48 has put forth well researched, innovative proposals that address several of the most critical issues affecting Milwaukee County. Our proposals are summarized in the following AFSCME ADVOCATES.

Rest assured that if together we do not look at ways to make changes and create efficiencies, these unresolved budget issues will result in more reductions of county services in 2005. Each year that county leaders fail to adopt real long-term solutions is another year of an eroding of social services and quality of life in Milwaukee County - and weakening of the Public Trust.

We hope that this year, working collaboratively with government leaders, we can bring lower costs and greater efficiencies to the county budget - and savings to county taxpayers - while continuing to ensure quality of life and safety net services for all area residents.

AFSME48 OFFERS POTENTIAL SOLUTIONS



Sadly, most of the 2005 budget issues are the very same issues that county and municipal managers and elected officials struggled with last year. Tax levies were frozen. Spending was cut. Efficiencies were not explored. Alternatives were brushed aside. Here we are again because true solutions were not implemented.

2003 & 2004 BUDGET ISSUES	AFSCME ADVOCATED	COUNTY ACTION	2005 BUDGET ISSUES
Rising health insurance costs	Implementing a tiered program which would have created incentives to drive employees, retirees and their families who use Aurora providers to a less costly health EPO plan.	Addition of a new Aurora HMO/EPO in addition to Humana HMO but <u>without incentives</u> , resulting in minimal shift to HMO/EPO options for <u>no significant savings</u> to taxpayers.	Rising health insurance costs
Budget shortfall	Voluntary time off without pay, which had been implemented in the past and would have saved taxpayer dollars while maintaining services.	Failed to implement the approved VTO Resolution. Layoffs and unfilled budgeted positions resulted in reduction of services.	Budget shortfall
Budget shortfall	Voluntary deferral of negotiated wage increases, which would have amounted to an interest-free loan to Milwaukee County of \$4.5 million and reduced cash flow pressure on the county. County inaction caused the raises to go into effect automatically.	County inaction caused the raises to go into effect automatically.	Budget shortfall
Controlling retirement benefit costs	Modifying the Ordinance that would have eliminated the need for the county to pay FICA taxes on sick leave retirement payouts per IRS 401(a). Action would have saved taxpayers more than \$1 million since the beginning of the payouts.	None	Controlling benefit costs
Rising mental health costs to criminal justice system	Auditing of behavioral health performance statistics; possible retention of frontline psychiatric social worker positions rather than non-service providing management positions.	Five psychiatric social worker positions eliminated; one manager and one coordinator hired.	Delays in detainee treatment/access; number of detainees cycling through criminal justice system due to lack of other county mental health services.
Budget shortfall	Evaluating the relationship between layoffs in front line workers and new/continuing managerial and supervisory positions in Behavioral Health, Nursing, Financial Assistance, Public Works/Parks, Human Resources, Social Services, Risk Management and Custodial/Maintenance.	Disproportionate cuts in front line workers compared to managers. Shell game of cutting front line positions while adding new managerial job titles. Failed to realize potential taxpayer savings that could be achieved through consolidation across county departments of managerial and non-represented support functions to downsized programs/services.	Budget shortfall and reduction in services

THE UNION CONTINUES TO MEET COUNTY RESISTANCE TO ITS PROPOSALS TO EXPLORE COST-SAVING ALTERNATIVES IN HEALTH CARE.

Milwaukee County could save millions of dollars in health care costs if it acted on AFSCME recommendations.

Overview

AFSCME District Council 48 has a track record of advocating long-term health care solutions that would save taxpayers significant dollars and improve the health and well-being of Milwaukee County employees and their families. Health care costs in southeastern Wisconsin continue to rise while county officials ignore cost-saving alternatives.

September 23, 2004: In a letter to AFSCME48, Milwaukee County Executive Scott Walker expresses willingness to explore “any and all ideas [the union] has regarding health insurance”.

November 17, 2004: •Due to the unwillingness on the part of representatives of the County Executive’s Office to explore cost-saving health care alternatives, the union takes its health care proposals directly to the County Board. AFSCME urges the County Board to pursue a “Request for Proposal” (RFP) for the county’s Pharmacy Benefit Manager (PBM), based on the union’s research of potential cost savings possible through different PBMs.
•The union also urges the County Board to pursue a separate RFP for a comprehensive “Wellness/Lifestyle Change/Disease Management Program,” citing the ineffectiveness of the current program.

Problems With Current Plans

The county failed to maximize savings with the Aurora Direct EPO plan option in 2003. This failure was due to the county’s refusal to provide incentives that would have motivated employees to enroll in this cost saving plan.

AFSCME strongly advocated for incentives to encourage employees to move to the cost-saving Aurora Direct Exclusive Provider Organization (EPO). The county’s refusal to provide incentives resulted in only 413 (out of a possible 10,700) employees and retirees signing up for the less costly EPO.

Nationally, 3% of the insured within a plan account for 30% of all costs paid out by that plan. Like other plans, this was a major factor in the county’s increases in health care costs in 2003.

Ironically, the county still saved money because those who did enroll in the EPO were among the heaviest users of health care services. Had these employees not been in the EPO plan, the county’s costs would have been 10 times higher.

In contrast, the City of Milwaukee, which initiated incentives to encourage employees to select the less costly narrow network plan option, will save about two million dollars.

THE UNION CONTINUES TO MEET COUNTY RESISTANCE TO ITS PROPOSALS TO EXPLORE COST-SAVING ALTERNATIVES IN HEALTH CARE.

Drug costs contributed 30% to the county's 2003 increase in health care costs, and continue to rise at six times the rate of inflation. Yet Milwaukee County has done little, if anything, to reign in this horrendous trend.

It is standard practice in the pharmaceutical industry that drug manufacturers provide rebates to Pharmacy Benefit Managers (PBMs) for medications purchased. Humana receives approximately \$2.5 million a year in pharmaceutical rebates. Most PBMs pass those rebates through to their contract customers. Not Humana.

AFSCME48 has continually urged the county to look at other options that incorporate both transparency in pricing and participation in manufacturers' rebates. Our research estimates that a combination of pricing transparency and manufacturers' rebates could reduce costs by as much as \$8 per prescription.

Solutions

The real solution to high health care costs is helping people become healthier. A stronger, more effective Wellness/Lifestyle Change/Disease Management Program could save Milwaukee County millions of dollars and improve health care outcomes. AFSCME urges Milwaukee County to pursue a separate RFP for a program to be implemented in 2006. Furthermore, the union again urges the county to create a true incentive program to encourage employees and retirees to participate in that cost-reducing program and participate in its wellness offerings.

There are a number of Wellness/Lifestyle change/Disease Management firms that have demonstrated their effectiveness in improving outcomes and saving money. One such company is Resolution Health, Inc., a true consumer-driven Wellness/Lifestyle Change/Disease Management plan. In a recent analysis, Resolution Health identified and quantified specific opportunities to improve health care quality and reduce health care costs for a Maryland unionized client of similar size and characteristics to Milwaukee County.

One component of Resolution Health's program, the Direct-to-Member Communications component, includes quarterly reports to each member containing comments as to how well the consumer is taking care of him/herself, recommendations for care, identification of possible concerns, and questions the consumer may want to ask his/her physician. The program encourages medical compliance, and informs and empowers members to make better health care decisions.

In the case of the Maryland client, Resolution Health estimates a savings of \$630,000 per year through improved compliance with clinical guidelines. Another \$360,000 a year could be saved by changing prescription drug purchasing patterns and negotiating bigger discounts on drugs. An additional \$340,000 in savings could be realized through Resolution Health's SMART-Switch coupon program which provides a powerful incentive for consumers to switch from prescription to comparable over-the-counter medications. The complete Resolution Health, Inc. program could immediately save this client \$1.3 million per year.

California Public Employee Retirement System (CalPERS), the nation's largest public employee insurance plan, also uses Resolution Health's wellness/disease management program with great success.

THE UNION CONTINUES TO MEET COUNTY RESISTANCE TO ITS PROPOSALS TO EXPLORE COST-SAVING ALTERNATIVES IN HEALTH CARE.

If the county provides a significant incentive to enroll in a wellness/health management program, most employees will use the clinical guidelines provided to advocate for their family's improved health care. Long term, families are healthier, employees are more productive and health care costs are reduced through better controls.

AFSCME has explored other alternatives to the county's current PBM and it is absolutely realistic that by changing to a different PBM, the county could potentially save in excess of \$7 million. The union again urges the county to pursue a separate Request For Proposal for PBM services, with an eye toward negotiated discounts and rebates.

"Using the private sector model, Milwaukee County should go out and get the best deal possible. Humana should offer the HMO plan at a price that they can live with. The county should shop and compare. There is no reason for Milwaukee County taxpayers to subsidize Humana's HMO by overpaying on the PBM side."

- Rich Abelson, April 5, 2005

The clear point is not that Milwaukee County and its employees aren't spending enough money, but that they are not maximizing the value of their health care dollars. We can improve care and outcomes - and reduce costs. They need not be mutually exclusive.

Milwaukee County continues to spend large sums of money on consultants that do little more than point fingers and regurgitate data. The county would do well to save these significant dollars and commission a real study to produce actionable steps that can be incorporated into provider relationships to improve the overall health of this community and lower its costs.

Industry experts across the country are implementing long-term health management programs that improve employee health, increase productivity and reverse the trend of rising health care costs. AFSCME48 has repeatedly expressed willingness to adopt a similar program in Milwaukee County. Cost-saving in the health care arena is not an issue which should get caught up in any elected official's political agenda. Reaching agreements which bring down the costs of health care for Milwaukee County insureds is in the interest of all employees, citizens, businesses and taxpayers of Milwaukee County.

**AFSCME48
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This **ALERT** is provided as an update to AFSCME48's *New Perspectives on the Delivery of Public Services*. For more information, contact Rich Abelson, Executive Director, (414) 344-6868.

DEJA VU: MILWAUKEE COUNTY HEALTH INSURANCE COSTS RISING

As far back as 2002, the union advocated that the county implement incentives to move workers toward less costly health insurance plans.

Overview

Health care costs for Milwaukee County employees, retirees and their families continue to rise at a double digit pace while county leaders ignore recommendations that could save significant taxpayer dollars.

- August 2002: Consultants retained to find ways to save \$10 million in health care costs to Milwaukee County.
- October 14, 2002: Consultant states that three-year plan "requires steerage in order to mitigate the 2003, 2004 and 2005 budget increases."
- October 14, 2002: Projected savings from Aurora Direct are linked to the county offering premium incentives to employees that will motivate them to enroll in the less costly health plan.
- October 27, 2002: AFSCME urges County Board to create a tiered program with premium incentives to drive employees to Aurora Direct
- November 4, 2002: The county changes health plan administrator, its Preferred Provider plan and adds Aurora Direct, a narrow network plan similar to an HMO and designed to enhance benefits, reduce costs and ensure access to popular Aurora providers and hospitals.
- December 31, 2003: As a result of the failure by the county to offer a tiered pricing plan, a mere 3.1% of employees and 1% of retirees opted for the less costly Aurora Direct in 2003.
- March 10, 2004: AFSCME commits to being an active partner in consensus bargaining to control county health care costs as described in Resolution 04-150
- July 1, 2004: County audit of health care costs prompts consideration of excluding Aurora due to higher charges/lesser discounts
- August 27, 2004: Milwaukee County finally begins talking about the possibility of implementing a tiered health insurance program.

Today, health care costs for Milwaukee County employees, retirees and their families are expected to:

- Have doubled in the past seven years
- Exceed \$100 million in 2004
- Account for 1/10 of all county spending
- Equate to 46% of the county's 2004 property tax levy
- Increase another 20% in 2005 unless something is done to control costs

A recent county audit places much of the blame for high costs on Aurora Health Care, provider for more than 11,000 employees, retirees and their families who use Aurora's physicians and services. The audit determined that Aurora's lesser discounts cost the county an additional \$1.7 million in 2003. In July 2004, the county auditor's proposed solution was to drop Aurora as a provider for county workers. Such a move would force roughly 11,000 people to change doctors and hospitals.

DEJA VU: MILWAUKEE COUNTY HEALTH INSURANCE COSTS RISING

The answer to controlling the cost of health care for Milwaukee County employees may not be to drop Aurora, but rather to create stronger incentives for workers who use Aurora providers to switch from the more expensive conventional fee-for-service plan into Aurora Direct, a narrow network Exclusive Provider Organization (EPO). The county's greatest potential savings would be generated by employees selecting Aurora Direct.

Aurora Direct offers people who use Aurora providers under the county's fee-for-service health plan the same access to Aurora physicians and hospitals at a lower cost to the worker, the county and the taxpayer. It is similar to an HMO, with better benefit levels and fewer out of pocket costs than the fee-for-service plan.

The City of Milwaukee adopted an incentive-based health care plan for its employees. City employees switching to the narrow network plan will save the city roughly \$2 million over a ten year period. Adoption of a similar incentive plan could save Milwaukee County millions of dollars that could be redirected to pay for vital county programs.

At a time when consumer choice and access are paramount in the minds of people who use health care services, it makes little sense to eliminate access to the providers of choice for so many county employees, retirees and their families.

Currently, union workers pay a monthly health insurance premium. They pay the same premium whether they select the most unrestricted insurance plan or the lower cost narrow network plan. Without any incentive, why would anyone want to change to Aurora Direct?

What makes the most sense - and saves the most money for taxpayers - is the implementation of a tiered plan strong enough to migrate county employees to the least costly plan, along with stronger pricing negotiations with providers.

What Kind Of Incentives?

"The Union has asserted and continues to stress the point that the county's greatest potential savings under the current system are generated by employees selecting the Aurora Narrow Network HMO [Aurora Direct]. However, the motivation for employee selection of this option which significantly reduces employee choices in medical providers, requires the county to come up with a financial incentive, namely a reduction in the employee's contribution to the monthly premium. The net advantage to Milwaukee County taxpayers would be a savings of millions of dollars."

-Richard Abelson, October 28, 2002

Contribution plan steerage refers to incentives in the form of reduced worker contributions to premiums when the worker opts for more cost-efficient health care plans such as Aurora

DEJA VU: MILWAUKEE COUNTY HEALTH INSURANCE COSTS RISING

Direct and Humana Advantage. While at first glance steerage may appear to shift premium costs to the county, in fact, realized cost savings achieved through higher enrollment more than offsets the shift.

Personal responsibility incentives also are worthy of consideration. Disease management, utilization management, preventive care and lifestyle change incentives may be built into health care benefit programs in the interest of long-term cost containment.

AFSCME48, through its various member communications, can be instrumental in encouraging its members to take advantage of these health care incentives. Together the union and county leaders can bring down health care costs to save tax dollars.

After all, how many local employers have the buying clout of the county?

DEJA VU: MILWAUKEE COUNTY LOOKS TO LAY OFF WORKERS, JEOPARDIZING SERVICES

AFSCME members were willing to take time off without pay

Overview

The County Board approved action that its own Department of Administration failed to implement.

- August 27, 2003: AFSCME offered to the County Executive an agreement providing for the offering of Voluntary Time Off (VTO) without pay to all members of the bargaining unit, provided that all savings realized be used to fund represented positions in lieu of those represented positions being laid off.
- September 25, 2003: Supervisors Zielinski, Quindel, Broderick and Coggs-Jones offered Resolution 03-486 for implementation of the Voluntary Time Off plan. The provision for VTO is laid out in Milwaukee County Ordinance 17.176, enacted in 1992.
- November 4, 2003: The County Board adopted Resolution 03-486.
- December 3, 2003: The director of the Department of Administrative Services declared VTO implementation confusing and disruptive.

Resolution 03-486 was never implemented.

AFSCME48 offered a real Voluntary Time Off program to offset the perceived need to lay off some county employees. By conservative estimates, ten percent of the union's membership would have volunteered to take 40 hours off without pay in 2003. Milwaukee County could have kept several million dollars in its coffers at a time when county leaders were nickel and dime-ing department budgets. Those saved dollars then could have been used to recall union workers in 2004, restoring a higher level of services to taxpayers with no impact on the budget.

This is a real program which can preserve and sustain county services and jobs. The union provided to the County Board samples of letters, forms and systems that were used successfully during previous implementations.

The application of the Voluntary Time Off provision has been implemented by Milwaukee County on numerous occasions in the past.

"This is not rocket science, and the county's continual inability to address corrective and positive action in a timely manner is simply not acceptable."

- Richard Abelson, December 8, 2003

Why won't the Department of Administration implement County Board policy on Voluntary Time Off?

DEJA VU: MILWAUKEE COUNTY CONTINUES TO PAY UNNECESSARY FICA EXPENSES

AFSCME has advocated modifying the Ordinance that would eliminate the need to pay FICA taxes on sick leave benefits.

Overview

Milwaukee County has benefit funding options that could save taxpayers and employees significant dollars by negating FICA (Social Security) contributions by each party.

- January 23, 2002: County Executive and Chairman of the County Board of Supervisors were notified of an IRS private letter ruling which indicated that the sick pay allowance benefit and accumulated sick leave benefit could qualify as deferred retirement option programs (back DROP benefit) as eligible rollover distributions to qualified retirement plans if County Ordinance 201.24(5.17) was amended to include the formula for calculating the benefit.
- February 6, 2002: IRS deadline to amend the Ordinance to receive a favorable ruling. As a qualified retirement benefit, the sick pay and sick leave benefits would not be subject to FICA taxation for the county or employees.
- February 6, 2002: The IRS deadline passed without County Board action, forcing the Pension Board to withdraw its request for a favorable IRS ruling.
- February 19, 2002: AFSCME48 Executive Director Richard Abelson formally requested that the County Board take necessary action to modify the Ordinance and submit a second request to the IRS for qualified status in a letter to the Chairman of the County Board. Action is required under Article 2.17 (8) (a) of the Collective Bargaining Agreement.
- April 1, 2002: Pension Board Chairman urges the County Board to expedite review of the Ordinance while the IRS is familiar with the issue.
- March 14, 2003: AFSCME48 directed its attorney to take action to ensure that Milwaukee County compliance with the Collective Bargaining Agreement.

Roughly 54 cents out of every salary dollar paid to Milwaukee County employees goes toward health insurance and other benefits. Compared to other public and private sector averages, this is outrageous and unnecessary.

Part of these high expenses is attributable to inadequate management of FICA liabilities.

Internal Revenue Code 401(a) for government entities allows the county to fund accumulated sick pay, retirement stipends and certain other forms of special compensation in a way that becomes an qualified plan at retirement for FICA tax savings to the county of approximately 7.65%.

FICA alternative retirement plans (per IRC 3121) specific for government entities also are available for part-time, seasonal and temporary employees. A FICA alternative

DEJA VU: MILWAUKEE COUNTY CONTINUES TO PAY UNNECESSARY FICA EXPENSES

retirement program could save the county approximately 6% in matching Social Security payments.

These plans also offer distinct advantages to employees in terms of their own tax liabilities, disbursement options and others.

The county is refusing to follow up on providing an IRA option for employees who elect to roll over their accumulated sick leave payout and/or drop back payout at the time of retirement. If the county had implemented available options, taxpayers would have saved more than \$1 million since the beginning of the payouts.

Under the terms of Article 2.17 (8) (a) of the negotiated Collective Bargaining Agreement, Milwaukee County is required to move on this issue. The matter is currently in court, costing taxpayers more unnecessary dollars as a result of the county's inaction.

"Good county stewardship of taxpayer dollars includes exploration of the most cost-effective benefit cost management and prudent management of the county's tax liabilities."

- Patty Yunk, March 14, 2003

PRIVATIZATION IS NOT ALWAYS THE ANSWER



There is a false sense among government officials that privatization of public services automatically means lower costs. Local realities lead to a different conclusion.

Creeping privatization has unforeseen costs.

While there may be some situations in which privatization is reasonable, we see in our own communities too many cases in which privatization of public services has already led to higher costs, misuse of taxpayer dollars and the unexpected costs of poor quality of services delivered.

Privatization has not been the answer when it comes to:

- Child Welfare
- House of Corrections Food Service Center
- W2 Welfare-to-Work
- MMSD and United Water Services
- County Security
- MATC Book Store
- Vehicle Maintenance

Child Welfare

Milwaukee County ran Child Welfare services until 1998 when the state Bureau of Milwaukee Child Welfare was created to contract with private agencies to run child abuse and protection programs. When the county provided a full spectrum of Child Welfare services, the state reimbursed the county approximately \$70 million a year. Now the state is paying \$112 million in 2004 for the program which cares for about the same number of children. The Bureau has 160 employees and contracts with multiple private agencies. Only a few of the original contractors still work with the program; some have ceased to exist and some were forced to withdraw. This year, one contractor has made headlines for using \$375,000 in Child Welfare dollars to balance his books.

Annual turnover among case managers is running 51% - significantly higher than the national average. Half of the children in the program have lived in temporary care for more than two years. There are rising concerns over the number of children receiving medical, dental and mental health services and about turnover among foster parents.

Not only is the privatized Child Welfare program costing taxpayers more money than when it was county run; there are clear quality of care issues that must be addressed to ensure the well-being of children in need of protection and services. The situation is serious. State legislators have called for a complete audit of the Bureau, a costly process that will take at least nine months.

PRIVATIZATION IS NOT ALWAYS THE ANSWER

House of Corrections Food Service Center

Milwaukee County taxpayers funded more than \$1 million for improvements to the kitchen facilities at the county's House of Corrections. The kitchen provided food for inmates of the House of Corrections, the Criminal Justice Facility and the State of Wisconsin's Milwaukee Secure Detention Facility. The county reduced its costs of running the kitchen by securing a contract with the state to provide food to its Milwaukee facility.

Upgrades to the facility included installation of new technology for the unique use of "ultra ovens" to cook "flash frozen foods." Shortly after the completion of improvements, the county privatized House of Corrections food services, awarding the contract to ARAMARK despite an abundance of data from government entities across the nation citing unsatisfactory experiences with ARAMARK. The company was one of only two that responded to the county's RFP, and was the only company with operational experience in the "flash frozen food" process. The alleged projected savings from the privatization of the Food Service Center was \$1.9 million a year.

Just a year after contracting with ARAMARK, Milwaukee County lost its contract with the state due to the poor quality of ARAMARK's food service. Not only did taxpayers spend more than \$1 million to enable the profiting of a private company; taxpayers have now taken another \$1.3 million hit because the privateer has cost them the lucrative state contract.

*"There are only two ways that private companies make money. They either cut the amount and/or quality of service, or they cut the wages and benefits of workers."
- Richard Abelson, July 15, 2004*

Welfare-to- Work W2

In 1997, Wisconsin became known as a national leader in welfare reform by implementing a workfare program whereby private agencies with multi-year state contracts replaced counties in dispensing services to recipients through the Aid to Families with Dependent Children (AFDC) program.

Profit motives were built into contracts that rewarded agencies for providing minimum levels of service. The contracts stipulate that private agencies will receive bonuses for reducing welfare rolls.

This, coupled with a lack of federal and state oversight, has created a program rife with disastrous consequences. Some private agencies used W2 funds to pay their executives outrageous salaries; one such executive is pulling in \$.5 million a year in taxpayer dollars. A 2001 report found that W2 has led to a "catastrophic social crisis not seen in Milwaukee in decades." Furthermore, the private agencies have not been able to track many former recipients. At most, two-thirds of those recipients who have left W2 have become employed; the rest are simply "lost." At least one private agency is being audited for suspected misuse of state funds.

PRIVATIZATION IS NOT ALWAYS THE ANSWER

In light of the profit motivation, is it any wonder that agencies have used their authority to dramatically reduce the number of program eligible recipients despite clear evidence that individuals needed more help?

MMSD and United Water Services

Metro Milwaukee built the deep tunnel to alleviate flooding and upgraded systems at MMSD, completing the \$2.3 billion project in 1994. Then in 1998, MMSD signed a ten year operation and management contract with United Water. The contract was worth \$350 million and was expected to save ratepayers \$145 million over the life of the contract. This did not include the costs of transferring operations to the private company, which were never calculated.

When the decision was made to contract with a private vendor, the vendor entered into the agreement with a business plan and a strategy for turning a profit. Indications are that United Water is not making the level of profit they had projected, and therefore may be taking more risks in staffing levels, equipment maintenance and other areas.

United Water guaranteed superior maintenance of equipment as part of their contract. Recent experiences with overflows, locked flood gates, and sewage discharge seem to indicate that the high level and quality of maintenance promised is not being delivered. On the surface, ratepayer savings has amounted to \$66.4 million in the first five years of a ten year contract. However the cost to area citizens in damaged property, spoiled public waters and beaches, and overall diminishment of quality of life has drastically reduced the savings. The reality is that when the current review of MMSD and United Water is completed, any savings will likely vanish.

Aren't clean water, safe beaches and preservation of property part of the Public Trust that the City of Milwaukee and other government units in the metro area have an obligation to uphold for the well-being of their residents?

County Security

The Court House, Behavioral Health Division, Children's Court and other county locations are protected by security personnel. Historically, this has been provided by county employees who were subject to thorough screenings and background checks.

Today, private security personnel on duty at those locations are not screened by their agencies and background checks may not even be performed. Turnover is high; there is no assurance of proper training.

At these times of heightened concern over homeland security, do we know who is "protecting" our public buildings?

PRIVATIZATION IS NOT ALWAYS THE ANSWER

MATC Bookstore

The bookstore at Milwaukee Area Technical College used to be operated by the school. The store was profitable, returning roughly \$1 million annually to the school. Those funds were used to support valuable student services, including the child care center that provides parents with affordable care that enables them to attend MATC and prepare for future careers.

Then the bookstore function was contracted to a private company. Its kiosks continue to make a profit, but now most of those profit dollars go into the coffers of a private entity. At the same time, MATC is facing budget challenges. Among the challenges is how to pay for the costs of running the child care center.

Wouldn't it be nice to have MATC make policy decisions that profit student services, not privateers?

Vehicle Maintenance

The City of Milwaukee spent a lot of money on its large, modern vehicle maintenance facility located in the Menomonee Valley. For years, oil changes for police cars and other municipal vehicles were performed at the metro garage. In the process, routine maintenance checks were performed to spot problems before they became costly repairs.

For whatever reason, police cars are now having their oil changed at a privately owned oil/lube company at a higher cost - with no maintenance checks being performed there - and no public accountability.

Now taxpayers are looking at higher costs for routine oil changes and higher vehicle repair or replacement costs down the road due to lack of preventive maintenance.

Did we mention that the metro garage is now underutilized?

It is clear that expectations have not matched reality in many local cases when government has jumped to privatization in attempts to cure its own management ills.

Due diligence and privatization

From coast to coast, municipalities are finding that too often privatization has not been carried out as planned and savings have not materialized. Why has privatization been the answer?

Part of the problem lies in a lack of due diligence on the part of government. Surprisingly, government operations make it nearly impossible to quantify total actual costs for comparative purposes. Whenever a public service is transferred to a private entity there are hard transfer costs that are not quantified or figured into the calculations. Plus, there are soft costs such as service disruptions and loss of continuity.

PRIVATIZATION IS NOT ALWAYS THE ANSWER

Then there is the matter of the Public Trust. Even if, in the best of scenarios, a private entity adheres diligently to the terms of its contract, it is unlikely it will look beyond the explicit contract to take a broader interest in the public good. Reality is that private entities look out for their own interests.

Government leaders must insist that quantifiable, transparent measures be in place to evaluate public operations, programs and services. Taxpayers, AFSCME48 and public officials need to work together to find efficiencies and savings within the Public Trust. If privatization is to be considered, transparent analysis and examination of all costs and alternatives is imperative.

In Milwaukee County, quantifiable and transparent data is not yet available for many areas of county government. Let us start there.

AFSCME is the American Federation of State, County and Municipal Employees. Nationally, it is the largest of 98 unions affiliated with the AFL-CIO. Locally, it is the largest union of public employees. AFSCME48 is a working partner in providing quality of life and social services to Milwaukee County residents and taxpayers:

- Advocating for qualified, trained workers to deliver quality services
- Reducing inequality and poverty
- Narrowing race and gender wage gaps
- Promoting civic and political participation
- Strengthening the safety net for people who cannot adequately provide for themselves
- Working for transparency, credibility and accountability in government

The New Concept of Unionism

Historically, unions are known as collective bargaining entities for their member workers. Today AFSCME reaches beyond safeguarding its members' wage, safety and benefit needs to embrace a new, expanded concept of unionism. AFSCME is a service union. We accept our responsibility to help ensure that human needs are met and basic services are delivered to people who are unable to provide for themselves. We also acknowledge our role in preserving the quality of life that will help keep our communities strong and growing.

The key is to balance the needs of Milwaukee County residents with the needs of union workers and taxpayers.

Many companies in the private sector continue to successfully adapt to dramatic changes in the way they do business. Changes occurring in the public sector are remarkably similar: delivering services more efficiently, controlling expenses, maintaining quality, increasing productivity, fiscal management, and leadership accountability.

AFSCME48 and public sector leaders must look at the best practices of successful businesses and government and apply them. Together we must create new efficiencies and enforce strict accountability.

We recognize that we must roll up our sleeves and get creative in working with public officials to ensure the well-being of the greater Milwaukee County community. A trusting, collaborative working relationship offers the most hope for taxpayers, elected and appointed officials and AFSCME48 members. In the past few years, AFSCME 48 has offered numerous innovative ideas in response to difficult issues. We plan to continue to elevate the level of public awareness and dialogue as to how public services can be delivered more efficiently and cost-effectively.

ADAPTING TO CHANGE

All That We Do

"Our role is to provide some direction and scope as to services the public sector should provide. In a collaborative working relationship, everyone comes to the table with ideas and mutual respect - and everybody wins."

- Richard Abelson, August 9, 2004

Many members of AFSCME48 perform jobs on a daily basis exist outside of public awareness; yet if their functions were not being well performed, taxpayers would surely notice. Here are just some of the jobs that members do that contribute to meeting basic human needs and enhancing quality of life:

Airport building maintenance, custodial, HVAC, runway maintenance, landscaping employees
Appraisers and assessors
Arborists, foresters and nursery personnel
Auto mechanics and fleet managers
Building inspectors and code enforcement inspectors
Correctional officers, supervisors and employees
Dental hygienists
Emergency medical technicians
Environmental health and nuisance control staff
Harbor Commission employees
Health Department inspectors, restaurant inspectors, vermin control
Heating and ventilating mechanics
Highways, streets, bridges, and underground infrastructure workers
MATC food service, clerical, security, custodial, maintenance employees
Mental health workers, certified and practical nurses, food services and maintenance workers
MMSD and United Water Services workers
Municipal and county clerical, secretarial and administrative workers
Park and recreation workers
Police and Sheriff Department dispatchers
Public building custodial, maintenance and services workers
Public Library and Federated Library employees
Public Museum employees
Pumping and Filtration Plant employees
School board employees
School clerical, secretarial and administrative workers
School custodial, maintenance and services workers
Social workers, case managers, rehabilitation and human services workers
Technical employee, draftsmen and engineering technicians
Traffic engineering
Truck, service equipment and snowplow drivers
Water Department meter readers, repairmen and crews
Zoo employees

PART OF THE SOLUTION



Mission	The mission of AFSCME District Council 48 is to provide representation and services to its members; and to ensure that basic needs continue to be met and a high quality of life maintained not just for union members but for all of the people who live and work in our communities.
Vision	<p>At a time when government, community, religious and labor leaders are working aggressively to attract new business development and to retain existing jobs, it is essential to their efforts that Milwaukee County and the municipalities which comprise it maintain the high quality of life that is one of our biggest attractions. This quality of life is a Public Trust, too big and too important to be entrusted to entities not answerable to the citizens. County and municipal services must continue to be delivered for the benefit of all of our residents and for the strong foundation they provide in support of future growth.</p> <p>Furthermore, social services must remain viable to provide the important safety net for residents who depend on them for basic human needs. The Public Trust demands that we provide services with equality for all; it is incumbent upon the Public Conscience not to leave any of our citizens behind.</p> <p>The economics involved in maintaining these Public Trusts, assets and services are challenging. The answers will be found outside the routine fixes of raising taxes to pay for services or cutting services to reduce taxes.</p> <p>There is another choice. Potential solutions will rise out of willingness to look for efficiencies in the ways that services are delivered and to conduct realistic cost analyses that will help identify the best long-term solutions.</p> <p>AFSCME and its more than 10,000 members will be part of the solution, as those of us who have a stake in our quality of life work together more closely, more creatively and with more integrity in respectful partnership for the greater benefit of our communities.</p>

PART OF THE COMMUNITY



AFSCME District Council 48 is committed to the well-being of the communities its members serve. Our leadership, our Locals and our members are active in many organizations, fund raisers and projects through Milwaukee County area communities. Whether lending management expertise to a board of directors or lending muscle to a village building project, AFSCME members are dedicated to their communities in their off hours, too.

Members of AFSCME Local 2 received a Special Service Award in 2003 from the Greenfield Parks and Recreation Department for their work at Pondview Park. Local 2 volunteers, including members of Greendale's Sewage and School District, donated their evenings to build a gazebo in the park, similar to the gazebo they had built in Haker Park four years ago. The project took about five evenings to build and union volunteers saved the City of Greenfield approximately \$5,000.

Union Locals and their members donate money and time to youth sports teams, Special Olympics, Juvenile Diabetes Research Foundation, fishing workshops, community holiday celebrations, scholarships, food drives, safety camps, wildlife and environmental projects, meal programs, neighborhood associations, Labor in the Pulpits, and many other activities that contribute to the high quality of life area residents enjoy.

In conjunction with the AFL-CIO Community Services Committee, AFSCME District Council 48 members contribute generously to the Annual Health & Hygiene Drive for less fortunate people in our communities. Union members donate personal care items, baby products, paper goods, and laundry and first aid supplies to the yearly drive, along with cash contributions.

AFSCME and United Way have a relationship that goes back more than 50 years. Union members contribute to the success of the Combined Giving Campaign each year, and they have been responsible for raising hundreds of thousands of dollars. Executive Director Richard Abelson is a board member of the United Way of Greater Milwaukee and Chairperson of its Public Sector Labor Cabinet.

MEMBERSHIP



Nearly 10,000 workers employed by Milwaukee County and its municipalities join together through AFSCME48. The majority live and pay taxes in the county and share the values, joys and concerns of their neighbors. Members of AFSCME District Council 48 include:

- Local 2 Southwestern Milwaukee Municipal and School Board Employees
- Local 33 Milwaukee County Department of Public Works: Auto Mechanics, Heating and Ventilating Mechanics, Clerical and Stock Room Personnel, Laborers, Cement Finisher Helpers, Arborists and Nursery Personnel. Workers in such city departments as Buildings & Fleet, Streets, Bridges & Underground, Forestry, a portion of the Department of Public Works Administration, Traffic Engineering, DCD, the Harbor Commission and Police Maintenance
- Local 40 City of Milwaukee Assessors and Appraisers
- Local 47 City of Milwaukee Department of Public Works Inspectors, Foremen and Supervisors
- Local 80 West Allis Public Works Department, School Board Employees, Clerical and Administrative Employees
- Local 133 St. Francis and Oak Creek Municipal and School District Employees
- Local 135 Bus Drivers
- Local 170 Milwaukee County Mental Health Employees

"Our cities and county depend on a strong, growing private sector for jobs, taxes and philanthropy. If we don't grow the private sector we cannot afford to maintain an appropriate level of public services. But a strong, growing private sector is equally dependent on a strong, stable public sector to provide the infrastructure and services that enable private development. We cannot afford to let our quality of life and basic services be eroded."

- Richard Abelson, May 17, 2004

- Local 305 Wauwatosa Municipal Employees
- Local 366 Milwaukee Metropolitan Sewerage District and United Water Services Employees
- Local 381 City of Milwaukee Building Inspection Department Employees
- Local 423 City of Milwaukee Truck Drivers and Service Equipment Employees

MEMBERSHIP

Local 426	Milwaukee Public Library and Federated Library Employees
Local 428	City of Milwaukee Clerical Employees
Local 526	Milwaukee Public Museum Employees
Local 550	City of Milwaukee Water Department Distribution Employees, including Meter Readers, Repairmen, Laborers and Outside Crews
Local 567	Milwaukee County House of Corrections Employees, including Corrections Officers and Related Employees
Local 587	Milwaukee Area Technical College Employees
Local 594	Milwaukee County Department of Human Services Employees (excluding Social Workers)
Local 609	Greendale Village Employees
Local 645	Milwaukee County Professional Social Services, Human Services and Related Employees
Local 742	Cudahy Municipal Employees
Local 882	Milwaukee County Parks, Public Works, Airport Grounds and Zoo Employees
Local 883	South Milwaukee Municipal Employees, including Water Dept., School Custodians, Maintenance, Truck Mechanics
Local 952	City of Milwaukee Pumping and Filtration Plant Employees
Local 1053	Milwaukee Educational Secretaries
Local 1055	Milwaukee County Public Services Employees, Collar, Technical and Para-Professional Employees of the Sheriff's Department, Medical Examiner Administrative and Facilities Management Department and Emergency Medical Services
Local 1091	City of Milwaukee Health Department and Department of Neighborhood Services Employees
Local 1238	City of Milwaukee Technical Employees, Draftsmen and Engineer Technicians

MEMBERSHIP

Local 1261	Glendale Municipal Employees
Local 1440	Dynacare
Local 1486	Milwaukee Suburban North Shore Municipal and School Board Employees
Local 1561	Wauwatosa School Board Employees
Local 1616	Milwaukee Public Schools Custodial, Maintenance, Facilities and Technical Employees
Local 1654	Milwaukee County Administrative and Clerical Employees
Local 1656	Milwaukee County House of Corrections Supervisory and Technical Employees
Local 1954	Catholic Social Services, Transitional Living Services, United Way and Legal Action Rehabilitation and Social Service Workers
Local 2754	City of Milwaukee Building Inspection, Code Enforcement Inspection, Clerical and Related Fields
Local 3382	Dental Associates, Ltd, Dental Hygienists

Richard W. Abelson, Executive Director

(414) 344-6868

Rich Abelson has served as chief administrative and executive officer of District Council 48 since 1997. He acts as chief spokesperson in collective bargaining negotiations; recommends and implements policy decisions; interacts directly with elected and appointed officials; directs the Council's legislative program; and directs all organizing activities. Abelson is the Council's delegate to the State and Local AFL-CIO and affiliated organizations, and he is an Executive Board Member of AFSCME Council 11, which provides statewide lobbying, political action and public relations for all three AFSCME Councils in Wisconsin.

From 1989-1997, Abelson served as Assistant Director of AFSCME Council 31 in Illinois. He was Staff Representative of AFSCME Council 40, Wisconsin Council of County and Municipal Employees from 1975 through 1988. Abelson has been an instructor and lecturer and The UW-Extension, School for Workers and in Marquette University's Adult Education Department.

Abelson works closely with community organizations as a board member of the Private Industry Council, United Way of Greater Milwaukee, the Milwaukee County Labor Council, and as a commissioner of the Social Development Commission.

He holds a Master of Science degree in Industrial Relations from the University of Wisconsin-Madison and a Bachelor of Arts degree from the University of Illinois-Champaign/Urbana.

Patty L. Yunk, Director of Public Policy

(414) 344-6868

Patty Yunk has been Director of Public Policy since 2002 and is active in coordinating public policy initiatives; lobbying at city, county and state levels; developing broad based coalitions of community, religious and labor organizations; and mobilizing union membership. She developed her expertise in public policy as the Council's Research Analyst and Coordinator between 1992 and 2002. A Staff Representative from 1981 through 1992, she has broad knowledge of union operations, collective bargaining, and organizing.

Prior to her union roles, Yunk was a social worker in the Milwaukee County Department of Human Services, Child Protective Services.

Yunk was recently appointed to serve on the Family Care Task Force for The Commission on Aging. She is president of the Coalition of Labor Union Women and a board member of the Planning Council for Health and Human Services. In addition, she has been active in IRRA, The Wisconsin Women's network, New Hope Project, and Project Equality.

SPOKESPERSONS

**Paula Dorsey, President, District Council 48
and Local 426**

(414) 344-6868

Paula Dorsey has been president of Local 426 Milwaukee Public Museum, Inc. Employees Union for 15 years and president of AFSCME District Council 48 for five years.

Dorsey has been coordinator of Operation Big Vote since 1984. She is a member of the Executive Board of Wisconsin State AFL-CIO, Chair of the Women's Committee Wisconsin State AFL-CIO, and treasurer of the Milwaukee Chapter of the Coalition of Black Trade Unionists (CBTU). Dorsey is a past chair of the Social Development Commission (SDC).

A lifetime union and community activist, Dorsey has served eight years on the Democratic National Committee and she is currently a board member of Wisconsin Citizen Action.

She currently serves as a city contract administrator.