



December 2, 2009

## **MEA In Debt, Not In Financial Trouble**

The Michigan Education Association (MEA) reported to the U.S. Department of Labor this year that it ended the 2008-2009 fiscal year \$124 million in the red, a number that raised a red flag with a private watchdog group.

The two-year-old Education Action Group (EAG), a small Muskegon-based nonprofit, said it's hypocritical for the MEA to lecture school boards on the best way to manage districts' money when its own books show debt that's \$87 million deeper than a year ago.

The numbers came as part of the MEA's LM-2 financial disclosure report, which EAG has dissected the last three years.

"If these numbers represent some sort of accounting gimmick, we believe the MEA should announce that as soon as possible, because as it stands, this report tells school officials and teachers around the state that they're dealing with an organization in deep financial trouble," said EAG vice president Kyle **OLSON**.

MEA spokesman Doug **PRATT** said the numbers Olson is referring to include on-paper losses the union had to report from its pension plan, a phenomenon being felt by any other private company with a pension plan.

The fluctuation of interest rates and the stock market have created huge swings in the value of the overall commitment that the organization has to its employees, he said. However, the MEA is not broke, Pratt said. The teachers union is still paying its bills and meeting all of its immediate obligations, contrary to an insinuation Olson is trying to paint.

The number includes pension obligations for current employees, like himself, who are nowhere near collecting retirement benefits. In a few years, when the market turns around and interest rates are better, this number will change for the better, he said.

"It's not like the bank is going to come to our door and say, 'Pay up or we're foreclosing,'" Pratt said. "What needed to be paid is being paid by the MEA. There is no inconsistency."

*MIRS* asked if the MEA's financial position damages any policy position it may have that defends school districts with employee pensions.

"There is no inconsistency," Pratt said. "This is a problem every pension plan is dealing with, and it's extremely long-term in nature. It's the same issue that any organization with a pension is having."

The EAG also went after the salaries of MEA president Iris **SALTERS** and other MEA officials for collecting six-figure salaries when the average Michigan teacher makes \$56,096 a year. Salters made \$290,741 a year during the reporting period.

Vice president Steven **COOK** received \$230,645, while secretary/treasurer Margaret **McCLELLAN** received \$177,354.

Executive director Luigi **BATTAGLIERI** received \$249,075, followed by general counsel Arthur **PRZYBYLOWICZ** (\$241,268), research consultant Arch **LEWIS** (\$171,666), government affairs director Ed **SARPOLUS** (\$168,683), labor economist Ruth **BEIER** (\$160,781), research consultant Greg **STEIMEL** (\$152,294) and Pratt (\$148,164).

Teri **BATTAGLIERI**, the assistant to the president and wife of the executive director, received \$58,389.

Pratt responded by saying that MEA members are the ones who set the organization's budget and who agree that the organization need to attract the quality talent that drives the organization.

Pratt added that at least the union is being transparent by accurately reporting the data as opposed to the enigmatic EAG, which does not release the names of their donors.

EAG spokesman Steve **GUNN** did decline *MIRS'* request to produce the names of its biggest contributors, saying it's the groups policy to protect those who cut them checks from harassment.

"These are just baseless accusations from some guy out of Muskegon," Pratt concluded.