

# Michigan eliminates pension plan for new teachers

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Last week, the Michigan state legislature approved the elimination of pensions for newly hired public school teachers, to be replaced by a 401(k)-style plan that directly ties teacher retirement moneys to the vicissitudes of the stock market. The so-called reform of the pension system by the Republican-dominated legislature is an attack on one of the last vestiges of the gains won by the working class in struggles going back more than 80 years.

It is expected that Governor Rick Snyder, a Republican and charter school advocate, will sign the legislation.

Teacher pensions are under attack throughout the United States, as big business politicians from both parties seek to place the burden of a secure retirement on the backs of educators. From the right-wing Republican Governor Scott Walker, a rabid opponent of public education in Wisconsin, to the liberal Democrat, Governor Andrew Cuomo in New York, teachers are being vilified for the failure of public education, in fact, a product of decades of destructive policies—budget cutting, profiteering and corruption encouraged by a succession of Republican and Democratic administrations in Washington.

The Michigan legislation passed by a fairly narrow margin in both chambers—21-17 in the state Senate and 55-52 in the House—as several Republicans opposing the bill sided with the tepid opposition provided by the Democrats, evidently uneasy over the repercussions of as yet another attack on public school teachers under conditions in which many districts are already suffering endemic teacher shortages.

However, for those supporting the initiative, footing the bill for such “legacy” costs—a euphemism for any social right won by the working class—is out of the question, or as one legislator declared: “These long-

term liabilities in Michigan and across the country...they hang like a sword of Damocles over our heads.” He is referring to the reported \$29.1 billion in “unfunded liabilities” that have accumulated up until 2010, when the traditional pension system was closed to new hires.

For those teachers hired after 2010, a “hybrid” system was put into place in which teachers had to make contributions to their own retirement, the greater the contribution the higher the percent multiplier—money added by the state for future years of service. Before 2010, school employees did not have to contribute a percentage of salary to their pensions.

For new teachers, whose starting salaries barely break the \$40,000-per-year barrier, a 3 to 5 percent contribution to a distant pension pay out, provided the individual remains in the profession, would be tantamount to a pay cut. New hires can still opt for the hybrid plan under the new legislation, but it would be prohibitively expensive.

No wonder education departments at universities throughout the country are experiencing plummeting enrollment, as young people reject teaching as a possible career.

However, those who voted for this legislation, a motley aggregate of libertarians and right-wing “free market” ideologues, are after bigger game. Emboldened by the appointment of arch-reactionary Betsy DeVos as secretary of education by the Trump administration, and not content with imposing their pension “reform” initiative solely on new hires, they will now turn their attention to the more than 250,000 retired teachers in the state. A warning must be issued: Every retired or still-working teacher’s pension rights are in jeopardy.

The moves by the state legislature have an inexorable logic. By cutting off new teachers entering the system, they will starve the defined benefit pension plan of

funds, creating the conditions for a budgetary crisis that could then serve as an impetus to shut down the pension system altogether.

The attack on teacher pensions is part of a broader attack on public worker pensions nationwide. Everywhere, the Democrats and Republicans insist cuts are needed to save pension plans as they squander hundreds of billions on war and gargantuan tax cuts for the rich.

The legitimate anger and outrage felt by teachers over this attack is being channeled by the teachers' unions into toothless demonstrations and appeals to write letters to state legislators. The latter is a particular specialty of the Detroit Federation of Teachers (DFT), a union that has long abandoned even the pretense of defending teachers' interests.

All the unions could organize was a token demonstration at the state capitol as the legislature voted on the bill. The Michigan Education Association's (MEA's) web site carried an "Urgent Call to Action" in which it explained that the demonstration was "not a protest," but rather an exercise to "persuade undecided voters" in the legislature, and it carried this proviso: "If school is not out in your district, please DO NOT [their emphasis] attend...your missing school to be here would be counterproductive with lawmakers." Truly, such cowardice takes your breath away.

Indeed, the teachers' unions have indicated that they are open to pension "reforms," just not "hasty" action. Their main goal is to preserve teachers' pension funds, which serve as a lucrative source of income for the union apparatus. The MEA in fact supported "reform" legislation in 2012 shifting pensions into the hybrid scheme, which served as a step to eliminating defined benefit pensions.

Teachers cannot take a step forward, let alone defend a single gain won over the years while shackled to these rotten organizations. The National Education Association and American Federation of Teachers are essentially enforcers for the financial and corporate elite. They completely accept the vast accumulation of wealth among a handful of individuals that even the *Wall Street Journal*, in a recent comment, defines as "oligarchs."

Teachers must develop their own independent political struggle, independent and against the MEA

and DFT and the entire political establishment based on a socialist and internationalist perspective.



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