ORGANIZER

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A New Beginning

As 2009 dawns with a new administration in Washington, intent on resurrecting America's pride and self-confidence, we in the entertainment industry can look forward to a new beginning that will wipe the slate clean of the last eight years of what has amounted to an assault on working men and women.

Turning things around will not be easy, of course. The mess left behind for President Barack Obama and his team is considerable, with economic indicators as bleak as they've been since the Great Depression. Here are just a handful of the challenges confronting American working people in the coming year:

- **Record unemployment:** From December 2007 through December 2008, 3.6 million jobs were lost, including the single biggest monthly cut (533,000 in November) in more than a generation. Unemployment in California, the nation's most populous state, soared to 8.4 percent, ranking only behind Michigan and Rhode Island, while total U.S. employment through December 2008 rose to 7.2 percent, the highest rate in two decades.
- **Deepening Recession:** The National Bureau of Economic Research announced that the country has been in recession since December 2007, with U.S. manufacturing, auto and home sales all hitting their lowest levels in 26 years.
- **Taxpayer Funded Bailouts:** Fueled by the mortgage-backed security crisis, U.S. taxpayers have been forced to pony up more than $800 billion in federal bailouts to prevent the failure of long-standing U.S. based companies like Bear Stearns, AIG, Merrill Lynch, Wachovia, Washington Mutual, Chrysler, General Motors and Ford.
- **Volatility in Financial Markets:** All three major U.S. financial trading indices were down sharply by year's end: the Dow was off nearly 35 percent; the S&P 500 tumbled 39 percent; and the Nasdaq dropped 41.5 percent.
- **Crashing Consumer Confidence:** Retail sales over the prime holiday shopping season dropped by a combined 13.5 percent, the most dismal in decades, while the sale price for existing homes in 2008 was off 13.2 percent versus the previous year. While credit markets eased somewhat for international banks and financial firms, credits for working families tightened up to near record levels, putting the kibosh on year-end consumer spending for big ticket purchases like cars or homes.
- **Skyrocketing Health Care Costs:** Between 1970 and 2008, the share of the U.S. economy (GDP) going to health care rose from 7.2 percent to an estimated 16.6 percent or from about $356 per person in 1970 to an estimated $7,868 per person in 2008. Total health spending in the United States in 2008 hit an estimated $2.4 trillion, with employer-sponsored health coverage premiums for family coverage having increased by 97% since 2000, from $6,438 to $12,680 in 2008. Health care costs last year drained the federal budget of more than $1 trillion, including direct health care programs like Medicare and insurance for federal employees.

Daunting, if not downright scary numbers to be sure, but there is still positive news heading into 2009, especially if you count yourself a member of a strong and solid labor force like IATSE, whose Hollywood-based

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Motion Picture Industry Pension and Health Plans remain among the best in the nation. The superior coverage and benefits for MPIPHP participants become most apparent when compared to similar multi-employer funded plans in other freelance-based industries, like food and construction.

- Unlike MPIPHP participants, who have a 450-hour bank of hours that helps retain coverage and benefits for West Coast film and TV workers, even when they are in-between jobs, multi-employer plans in many food industry unions have no bank of hours at all. Coverage for freelance workers is typically terminated at the end of the month after an employee finishes his or her job, or at the end of the month following the month of termination. New employees in some unions must typically wait 12 months before gaining eligibility, and their dependents must wait an additional 12 months, with employees required to pay a premium toward their dependents coverage. Hourly employees in a freelance industry normally do not have coverage after completing a specific job or project.

- Multi-employer health and pension plans in the Southern California building industry often require retirees to pay a portion of the cost of their coverage, and in many cases provide much lower reimbursement for both in and out-of-network plans. For example, these plans cover only 80 percent of in-network costs and 60 percent of out-of-network costs. This stands in stark contrast to Motion Picture Industry Health Plans, which often cover 100 percent of costs for in-service providers, such as the Motion Picture Television Clinics.

Even when contrasted with other entertainment industry union plans, MPIPHP participants are in an enviable position. Deductibles and prescription drug co-pays are higher across the board in other union health plans, while eligibility requirements (which are typically earnings based), are more stringent when compared to the 300 hours (which won't rise to 400 hours until August 2011) required under the MPI Health Plan. Even with negotiated changes, the MPIPHP eligibility requirements remain the lowest in the industry. Furthermore, MPI Plans are alone among other multi-employer health plans in the film and television industry for having no participant premium co-pays. The MPIPHP also contains an individual account plan (IAP), where employers are required to pay six percent of scale wages to provide a retirement fund that is separate from and in addition to the defined benefit pension plan.

Still, no matter what industry or what union placed under the benefits microscope in these challenging economic times, the assault on working men and women that was begun under the Bush Administration (and will end with Barack Obama's tenure) has altered the playing field for employer-paid health and pension coverage across the nation. "Health care costs are escalating at a rapid rate," observes Daniel Villao, council representative for the Los Angeles/Orange County Building and Construction Trades Council, "and the trend has been for employers to either pass the costs along or reduce the eligibility pool. The focus has been on things like eliminating beneficiary and dependent benefits, or having employees go into pocket for anything above a mid-tier HMO plan."

One of the major problems facing both public and private sector multi-employer health funds, according to Villao, who also sits on the board of the California Health Care Coalition, are laws that allow for negotiations between insurance companies and treatment facilities (such as hospitals, clinics, and physician networks) to be done behind closed doors. "There are no costs transparency on behalf of the plan member," Villao notes, "so the push now is toward getting these insurance firms to become more transparent with regards to cost increases, as well as having the delivery system, i.e. the hospitals and care centers, be as effective as possible with their practices. When the delivery system is effective, increases in health plan costs (due to things like multiple emergency room visits) are pared back.

Villao also points out that the trend in the public sector (the rep works with public agency plans in the Southern California construction industry) has been to keep co-payments below the $25 threshold. "Most private sector multi-employer plans have reached or gone beyond that level," he adds, so a private sector plan, like the Motion Picture Industry Health Plan, where co-pays are on par with public sector plans (where large insurers like Kaiser, Blue Cross and Cigna are leveraged against each other during the plan bargaining phase) is extremely impressive. "Particularly since we're seeing a nine percent increase in health care costs, year-over-year, on the national level," Villao continues, "and that includes both private and public sector employers."

The fact that West Coast motion picture and television IATSE participants continue to retain health and pension benefits in a freelance industry is a tremendous advantage, given that the cost of the Motion Picture Industry Health Plan has increased over the last three years by 9.67% on a compounded basis, while residuals and hourly contributions into the plan have flattened out.

If rising health care costs and a recession were not enough of a mountain to climb, consider that the Pension Protection Act of 2006 placed stringent limits on single and multi-employer pension plans across the nation. 2008 was the first year that private sector employers had to meet federally mandated pension funding levels of 92 percent, rising to 94 percent in 2009. What that means for MPIPHP participants is that in order to keep our pensions strong, more residual income may have to be directed to the pension plan to meet such strict levels required by the Pension Protection Act and therefore, this may negatively impact the health care plan. Over the next three years, the combination of increasing healthcare costs and the need to fund the pension will produce a deficit of $580 million in the MPI Health Plan.

And yet despite all the challenges that lay ahead, a new beginning for the American labor movement has most certainly dawned. The Obama-Biden administration has already moved swiftly to repair the nation's reeling economy, appointing an "economic dream team" that includes New York Federal Reserve President Timothy Geithner as Treasury Secretary nominee and former Harvard President Lawrence Summers as the director of the National Economic Council. Hilda Solis, a four-term democratic congresswoman from California's 32nd district, was recently tapped to be the nation's next Secretary of Labor. A lifelong resident of the San Gabriel Valley, with a history of labor activism in the public sector, Solis served eight years in the California state legislature, where she led the battle to increase the state's minimum wage from $4.25 to $5.75 an hour in 1996. Solis' appointment, coupled with the new administration's stated goals to fight for passage of the Employee Free Choice Act (EFCA), a bipartisan effort that makes sure workers can exercise their right to organize, will go a long way toward righting the wrongs inflicted on working families over the last eight years.

A new beginning is not just limited to the labor friendly policies that are sure to flow out of Washington, nor to repair an economy floundering in bad corporate debt. The changes yet to come begin right here in Southern California, where the most recent IATSE negotiations with the AMPTP (Alliance of Motion Picture and Television Producers) resulted in securing jurisdiction over New Media, including projects made for the Internet, cell phones, PDAs, etc., as well as those derived from television shows and feature films under contract. These blossoming new markets are sure to increase opportunities and revenues for West Coast based film and television workers. Likewise, Motion Picture Industry Pension and Health Plans remain among the best in the nation for any freelance-based industry; the 84 percent increases that have taken place in the pension plan in the last 12 years remain in place, as does the six percent IAP contributions producers are required to make. Couple that with an industry that has weathered such turbulent economic downdrafts (according to recent Nielsen EDI data, U.S. box office for 2008 hit a historic high of $9.79 billion) and the hope and promise of a new beginning are firmly within reach.

Organizing Update

Sonny Promo

Ugly Betty Promo

Love at First Hiccup

Pass the Plate

The Phone

Burning Palms

The Insider

Time Heals

Amazing Mrs. Novak

Last Will

The Wedding Palace

The Tempest

The Recruit

Boogie Town

Bunker Hill

Gamequest

Party Down

The Line

Queen Latifah Television Promo

The Osbournes Show

Peep Show

Kevin James Big Monday Promo

Spring Break '83

Kokonuts

Industrial Short Webisodes

Conga Drums

NBC/BCS Games

Warrior

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