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SAG-AFTRA: The Merger That Solves Nothing

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The Screen Actors Guild's National Board has approved its merger agreement with the AFTRA, the American Federation of Radio and Television Artists. If approved by AFTRA's Board and the membership of both unions, the new union will be known as SAG-AFTRA.

Merger of these two unions with overlapping jurisdictions has been attempted several times in the past without success -- most recently in 2003. However, this attempt has fed off a significant rank and file sentiment to address two key concerns: 1. Having to pay dues to two unions; and 2. Split benefit contributions. However, the proposed merger addresses neither of these issues.

The proposed merger agreement does nothing to streamline the staff of the newly merged union. As a result, the expenses of the two unions will remain largely unchanged. Even if some cost savings could be found, SAG's shaky financial condition means that a dues reduction for members is highly unlikely. Jonathan Handel reported in the *Hollywood Reporter* that for some members dues actually will increase according to his confidential sources. That the two unions are not touting how this merger will mean reduced dues for all their members likely means this goal was not achieved.

The benefit contribution issue arises from the fact that although the two unions have overlapping jurisdictions, and indeed bargain several of their contracts jointly, they have never unified their benefit funds. As a result, performers who split their work throughout the year between jobs under the SAG contract and jobs under an AFTRA contract may fail to meet the earnings thresholds under either contract to qualify for benefits. SAG and AFTRA chose not to attempt to address this issue before entering merger talks and as a result, the two unions could not solve this problem through their merger agreement. Instead, they must now bargain with the various employers with whom they contract such as the Alliance of Motion Picture Producers and the Joint Policy Committee of advertisers and manufacturers.

However, agreeing to merger without solving the benefit plan issues is like putting the cart before the horse. If the merger goes through, in order to appease the members who have agreed to this combined entity, the union will have to achieve a solution to the split benefit issues. However, the SAG and AFTRA pension plans each have deficits hundreds of millions of dollars in magnitude. Making changes to either plan will be prohibitively expensive. The employers are going to resist having to cough up hundreds of millions of dollars to solve the new Union's problem. That is why if the merger does get approved, there are going to be many unhappy members down the line.

UPDATE: Late Saturday afternoon the AFTRA Board also approved the merger. The members of both unions will vote beginning next month.

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