

*An Injury To One Is An Injury To All*

# ***AN APPEAL TO REASON***



Newsletter of the Pennsylvania Federation

October 2017

## **“Coordinated Bargaining Group (CBG)” of BLET, UTU, BRS, ATDA, IBBB and NCFO Announces Tentative Agreement with Rail Management That Sells Out Rail Worker Wages and Benefits and Protects United Health Care Profits**

### **United States Government Records Detail Payments Made to CBG Bargainers from United Health Care**

### **BLET Pierce, UTU Previsich, BRS Pickett, ATDA McCann and other CBG Rail Union Officials have taken \$83,000.00 During Bargaining Period from Railroad Worker Health Benefit Providers**

The railroad industry has earned 30 billion dollars in profits since bargaining opened at the end of 2014. Despite this fact, CBG bargainers have agreed to a four year deal (2016-2020) that reduces overall compensation for railroad workers when health care concessions are considered. While making unionized rail workers pay an additional 100 million dollars annually for our benefits the agreement does nothing about the administrative gouging and profit taking from the health care insurance providers. These practices have artificially increased the plan costs by 100 million dollars annually. About 2 billion dollars per year is spent on the health care needs of unionized railroad workers. It is not surprising that the health care providers will go to any length to protect their profits.

When an employer gives Union officials gifts or money, they must report it to the United States Government on an LM-30 form. LM-30 forms from United Health Care, and the other health care providers, indicate that \$83,000.00 has been paid to the CBG Union officials since the bargaining began. Average payments to BLET officers are \$3,692, UTU officers \$2,801, ATDA officers \$2,183, and BRS officers \$2,174. It is pretty obvious why CBG negotiators decided to extract the concessions from the membership instead of their “friends” in the insurance industry.

A complete report of all of the payments made by the railroad health care providers to the CBG negotiators can be found at the following link:

<https://olms.dol-esa.gov/Disclosure/OnlineSR.jsp?ReportId=LM10>

## **STATEMENT OF PRESIDENT F. N. SIMPSON REGARDING STATUS OF BARGAINING**

On October 5, 2017, BLET President Dennis Pierce invited the BMWED to sign on to the tentative agreement initialed by the Coordinated Bargaining Group ("CBG"). I politely informed President Pierce, "no thank you." Members of this great Union want to know why I decided not to sign on. The reasons for my decision are the following.

The BMWED believes that each union member is "his brother's keeper." In the area of health insurance that means that before the BMWED agrees to concessions in healthcare benefits, it must exhaust every avenue to maintain existing benefit levels. Before this round of bargaining began, BMWED established an internal healthcare bargaining committee consisting of elected officers, appointees and our retained healthcare experts. Their task was to devise ways to save the healthcare plan substantial dollars without cutting benefits. The committee succeeded in its task. The BMWED/SMART-Mechanical coalition proposed what is called the "357 Plan" which is simplicity itself. That plan simply looks at the existing medical network providers, United Healthcare, Aetna and Highmark, and puts employees in the lowest cost network operated by one of these existing vendors in each of the 357 standard metropolitan statistical areas in the country. No benefits are changed and the "disruption" - meaning the number of employees who might have to change primary care physicians - is about the same as the current rate that employees have to get new doctors because they leave existing networks under the Plan. The 357 Plan would save the National Health & Welfare Plan \$140 million each year.

Conversely, the CBG tentative agreement obtains its healthcare savings by having sick employees and their families pay more for medical treatment. You may have heard that called "cost shifting" or "consumer driven" medical plans. What all that fancy language means is that sick people pay more and the railroads pay less. That tentative agreement saves the Plan \$100.4 million a year – all of which comes from you, the rank and file members of the union - in 2018. By 2020, those cost-shifting savings are almost \$120 million – all of which comes from the pockets of sick railroaders'. The savings from the cost-shifting concessions actually are less than what the Plan would receive from the BMWED/SMART-Mechanical 357 Plan. Those sick railroaders are in the most need of our aid and comfort.

Today, the average BMWED member pays \$3983.00 per year for health insurance and medical treatment (cost-sharing, co-payments, deductibles and co-insurance). Under the terms of the CBG tentative agreement, by 2020, over half of the Plan participants (all crafts) will be paying \$5000.00 a year. Worse yet, seven percent (±7000 employees) will pay \$10,000.00 or more, while today only one percent suffers such a burden. That figure is about one-quarter of the take home pay of a Trackman working straight time. That would bankrupt good hard-working union families who experienced the misfortune of someone in their family suffering a serious injury or illness. The BMWED cannot voluntarily sign on to an agreement that puts its members at financial risk if they get sick.

This financial risk is compounded by very low wage increases in the CBG tentative agreement. You all know that the railroads are financially healthy; certainly they are much healthier than when I began my railroad career in 1974. The railroads are buying back stock (rewarding their shareholders), and they are paying huge salaries for CEO's (CSX is paying

Hunter Harrison \$440 million). Yet, the railroads can't seem to find the money to pay adequate wages to their employees.

The CBG tentative agreement is a four year deal running from January 1, 2016 to December 31, 2019. (The 3% wage increase on January 1, 2015 was ratified in the last agreement and can't be considered as having been negotiated in this round.) That four year deal provides a compound increase of 9.8%, or 2.4% per year. However, once the additional costs for healthcare in the form of increased co-payments, deductibles and coinsurance is factored in, the actual increase is only 2% per year. The total increase over 4 years at straight time for the weighted average hourly rate for a BMWED member is \$8719.00. That rate of return does not keep up with inflation and for those who suffer serious health issues, the agreement actually provides a wage cut.

Finally, some have suggested that I sign on because of the "political climate" in this country. I guess that means some folks are afraid of an Emergency Board appointed by President Trump. I would prefer to reach a voluntary deal rather than have one dictated by an Emergency Board. But I also won't sign a voluntary deal that doesn't improve the working conditions of the membership. I am confident in our case before an Emergency Board, but if it rules against us everyone in this great Union can at least know they fought to the end to get a good deal for the membership. You play the game until the final whistle. I haven't heard one yet. We will fight on.

**Freddie Simpson**  
**October 14, 2017**

## **Health Care Consultants? "We Don't Need No Stinking Health Care Consultants!"**

Health care and insurance is an extremely complicated industry (also very powerful and corrupt) and to properly understand the 2 billion dollars a year railroad employees benefit plan requires consultants and actuaries that are skilled in this field. BMWED has competent outside health care consultants who have experience with our industry, know our plan inside and out and are very experienced in general. They are not cheap, but when dealing with the health care of thousands of employees and their families we can not afford to make mistakes and when members pay dues to the Union they expect to have their interests properly protected.

Except for the UTU, CBG negotiators refuse to use a health care expert when dealing with railroad management and the allocating of 2 billion dollars worth of health care annually to railroad workers and their families. UTU did have a health care consultant advising them at the bargaining table from the Towers Perrin company. Guess who railroad management had advising them on the health care benefits? You guessed it, another employee of Towers Perrin. UTU and management used health care consultants from the same company to negotiate a deal where railroad workers will pay 120 million dollars more for our health care.

To be fair, BLET does have A. D. Cook, Director of Benefits, who advises BLET President Pierce in bargaining on health benefits. A. D. Cook received \$11,000 from the railroad health care providers during the bargaining period and we can be sure his opinion was unbiased and fact based.

## **CBG Resorts to Fear Mongering to Scare Membership Into Accepting the Agreement**

CBG says they “saved” the work rules and that if this backwards agreement is not ratified then we are going to a Presidential Emergency Board (PEB) at which point all of the work rules will be eliminated by Donald Trump and everyone will lose their jobs. First, isn’t that always what the boss says when you want to enforce your rights? Keep it up and we will abolish your job. Second, for the BLET that argument is actually a lie. For the BLET, the following railroads are in the national round for health care only and work rules and wages are not part of this bargaining and would not be considered by an emergency board: CSXT, CP, NSR, METRA, Soo Line and Union Railroad. In other words, most of the BLET is not affected at all with work rules and a PEB. Verification of this fact can be found in Exhibit A of the tentative agreement between BLET and NCCC. Third, there hasn’t been a Presidential Emergency Board which has recommended work rule changes in more than 25 years. These boards are precedent driven and we have strong arguments to protect our rules. Finally, we should not be afraid to stand up for our rights because we think that the going will be tough. Fear did not build our Unions. We can spend our working career on our knees or on our feet. That choice is ours. This is an extremely profitable industry and in the end one third of all of the infrastructure in the country goes down the 56.5 inches. Like the railroad companies and insurance companies we are also powerful, if we stick together. Fear mongering and lying is no way to sell an agreement.

## **UTU and BLET No Strangers to Corruption and Bribery**

The national officers and staff of the BLET and UTU are no strangers to corruption and bribery. In the recent history of these two Unions some examples of this are the following who have either been sent to prison, or removed from office for accepting bribes or stealing:

UTU President Charles Little (1995-2001) - guilty of bribery and corruption, two years in prison, paid a \$10,000.00 fine and forfeited 100,000 dollars of assets;

UTU President Byron Boyd (2001-2004) - guilty of bribery and corruption, two years in prison, paid a \$10,000.00 fine and forfeited 100,000 dollars in assets;

UTU Director of Insurance Ralph Boone under Little and Boyd - guilty of bribery and corruption, three years of probation, paid a \$2,000.00 fine and forfeited 45,000 dollars in assets;

BLET President Edward Rodzowicz (2007-2009) plead guilty to two felony counts of bribery and corruption - 18 months in Federal Prison;

BLET President Don Hahs - (2001-2007) embezzled 58,000 dollars from Union treasury and was removed from office.

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