

# Action Update

February 2005

A Report from the  
BARGAINING FRONT

The unions in the AFL-CIO Labor Coalition met in negotiations with Metro-North on February 9 and 10, 2005, with two mediators from the National Mediation Board (NMB) in attendance.

No progress was made toward an agreement. The Coalition unions are now in the process of requesting the NMB to release us from mediation. In our judgment negotiations are clearly at impasse.

## The Negotiations

At the previous negotiations session on January 13, 2005, Metro-North repeated its day one position that the Coalition should accept the ACRE settlement, which included 3% pension contributions from all employees forever and uncapped employee contributions for health insurance from all new hires. Alternatively, Metro-North said it would agree to the Long Island Rail Road deal, which provided defined benefit pension credits only back to 1988.

The Coalition rejected Metro-North's offer, and stated it would present a counterproposal at the next negotiations session.

On February 9, the Coalition presented Metro-North with a counterproposal, as follows:

- ◆ *The MTA Defined Benefit Plan back to 1983.*

For this benefit, employees would contribute 3% of gross wages for 10 years, and Metro-North would get the employer portions of current Vanguard accounts. Life insurance would be under the terms of the Defined Benefit Plan: three times an employee's annual salary.

- ◆ *Employees must have a one-time option to remain in the Defined Contribution Plan (Vanguard) instead of being covered by the new Defined Benefit Plan.*

Employees who opt to stay in the Vanguard Defined Contribution Plan would continue to receive employer contributions under the cur-

rent formula (4% or 7%), would have no mandatory employee contribution, and would retain their current \$100,000 life insurance coverage. Employees hired after the date of the agreement would automatically be enrolled in the Defined Benefit Plan.

- ◆ *No contributions to health and welfare coverage for current and future employees.*
- ◆ *In return for the Defined Benefit Plan, the unions would agree to the SIRTOA wage package: \$1,000 hump sum for 2003, 3% wage increases in 2004, 2005, 2006, and 2007.*

The wage package would go one year longer than in the Long Island and ACRE settlements, reflecting what was agreed to in the most recent MTA property settlement on Staten Island Rapid Transit (SIRTOA).

- ◆ *Additional demands: provide health insurance coverage to early retirees who do not have thirty years of service; employee representation on the Defined Pension Plan Board; add Martin Luther King's Birthday as a paid holiday; establish a labor-management committee to explore the cost of establishing a trust fund to pay for life time medical insurance; and have Metro-North pay health and retirement benefits for Coalition union full time representatives who are on leave of absence from the company, the same as Metro-North currently does for representatives of the non-AFL-CIO union on the property.*

*Continues*

Metro-North rejected the Coalition's proposal, stating that it would not agree to anything but the ACRE or Long Island Rail Road settlements.

In the face of the company's intransigence, the Coalition presented an alternative approach to the pension issue: *Convert the value of the Defined Benefit Plan into a substantial wage increase in the first year of the contract and increased employer contributions to the Vanguard Defined Contribution Plan.*

Once again the company refused to even negotiate over the proposal, and threatened to refuse to bargain with the Coalition in the future. No further negotiations were scheduled.

### **The Coalition's Proposals Are Fair And Reasonable**

The Coalition strongly believes that our demands are justifiable, and that our members deserve no less.

We pointed out to Metro-North that our Defined Benefit Plan proposal is in fact comparable to the value of the Long Island Rail Road settlements, and that the company's proposal to impose the ACRE deal would leave Metro-North workers even farther behind their counterparts on Long Island Rail Road than they are today.

First of all, Long Island Rail Road employees hired between 1983 and 1988 already enjoy a defined benefit plan far superior to what is being offered on Metro-North. We are willing to pay the same as our Long Island brothers and sisters for defined benefit plan coverage from 1983 on: 3% of gross wages for ten years. But it is grossly unfair to require Metro North workers to pay considerably more - 3% forever and the highest employee contributions to health insurance in the railroad industry - for a benefit that is at best comparable.

Secondly, Long Island Rail Road employees were already paying 3% a year for their defined contribution plan. Under their new agreement, they improved their situation by sunsetting that 3% employee contribution after ten years. The ten year cap put them in a better position than before. Metro-North employees do not cur-

rently have a 3% contribution. The 3% contribution will be a new burden and drag on wage levels. We do not believe that Metro-North employees should now have to pay 3% a year of gross wages for a longer period than under the Long Island settlement.

Third, the level of employer contributions to the Vanguard Plan is higher on Metro North than it was on Long Island. On Metro North, the average employer contribution is 5.4%, reflecting the mix of 7% and 4% contributions. On Long Island, the employer contribution is 5%. This means that the net cost of converting from a Defined Contribution Plan to a Defined Benefit Plan is .4% lower on Metro North than it was on Long Island. Yet Metro-North absolutely refuses to credit Metro-North employees with that difference. This disparity alone should lead Metro-North to back off its demand for new hire health insurance contributions, since Metro-North says the worth of those contributions is the same .4% of payroll.

Fourth, the employer portions of the Vanguard accounts on Metro-North that would be credited to the Defined Benefit Plan are far greater than they were on Long Island.

Our proposal is also reasonable in the context of the ACRE deal. According to Metro-North, the additional concessions ACRE agreed to in order to "buy" the five years of pension coverage from 1983 to 1988 (pension coverage already enjoyed by Long Island employees) amount to 2% of payroll. But based on numbers provided us by Metro-North, the cost of the Defined Benefit Plan for the employee population represented by ACRE is significantly higher than the cost for the employee population represented by Coalition unions. Simply giving us comparable value to the ACRE deal would make any concessions unnecessary.

Our proposal that employees also be given the option to keep their Vanguard accounts instead of going into the Defined Benefit Plan is cost-neutral to the company, and an essential component of any deal. Many of our members would rather keep their defined contribution plan. They should have that choice.

## Where We Go From Here

Metro-North has made it clear they are in love with the deal they made with ACRE, and they will not budge from its terms.

Their intransigence is indefensible. Even when we propose cost neutral items like giving employees a one time option to stay in the Defined Contribution Plan, their response is: it's not in the ACRE deal and therefore it's not acceptable. The company even refused to consider our proposal to solicit bids from insurance carriers other than the Empire Plan in order to potentially decrease the cost of health insurance.

Metro-North believes it can divide and conquer us, and play one union against another. That is why they are now threatening to refuse to meet with our unions as a Coalition.

But we are determined to fight for an agreement that is fair to our members, one that our members can ratify with pride. We are also determined to reach an agreement that will not widen the gap between Metro-North workers and Long Island workers by having Metro North employees pay huge employee health insurance contributions when Long Island workers pay nothing, or requiring Metro-North employees to pay 3% a year long after our counterparts on Long Island have stopped paying for the identical benefit.

That is why we are requesting the NMB to release us by offering a proffer of arbitration. Under the Railway Labor Act, if the NMB determines we are at impasse, they will proffer arbitration to both sides. If either side refuses arbitration, the clock begins ticking toward Presidential Emergency Boards. It can be a long process, but at the end of the day, we can strike.

Our goal is a negotiated agreement, not a strike. But we will not succumb to Metro-North's take it or leave it strategy. We will do everything in our power to convince Metro-North to bargain in good faith, from legal public actions to mobilizing political pressure.

**By standing united and resolute we *will* achieve a fair contract.**

# METRO-NORTH AFL-CIO LABOR COALITION

American Railway & Airway Supervisors  
Association, TCU: Lodge 5041

International Association of Machinists &  
Aerospace Workers: District Lodge 19

International Brotherhood of Electrical Workers:  
System Council 7

International Brotherhood of Electrical Workers:  
Local 1573

International Brotherhood of Teamsters:  
Local 808

National Conference of Firemen & Oilers, SEIU:  
System Council 2

Sheet Metal Workers International Association

Transportation Communications International  
Union: System Board 86-  
Districts 227, 1043 & 1402

Transport Workers Union of America:  
Local 2001 & Local 2055