



INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS DISTRICT LODGE NO. 19

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June 17, 2011

Subject: National Freight Negotiations

TO: All District Lodge Members Subject to National Freight Agreement

Dear Sisters and Brothers:

I want to take this opportunity to bring you up to date on our status and to provide a statement concerning the UTU Tentative Agreement.

I first must apologize for taking so long to issue a statement on the UTU Tentative Agreement; however I have been at a National Staff Conference in Toronto, Canada and have just returned.

The National Mediation Board has instructed our Coalition to meet in Washington, DC on June 28 and 29, 2011. We fully believe that this meeting will be a waste and no progress will be made. We have however requested that the time on June 29, would be better served by the NMB meeting with Leaders from both Coalitions to hear our position in person and to decide on our respective outstanding requests to be released.

As to the UTU Tentative Agreement, the IAMAW along with its coalition partners reject the terms of the tentative UTU agreement with the national freight carriers as a basis for voluntarily settling the national contract.

The other coalition (RLBC) involved in national negotiations has also rejected the UTU agreement as a pattern for settlement.

That means that every union in national bargaining has now rejected the UTU tentative agreement as a basis for settlement.

We believe that 17% in wage increases over six years is not a fair settlement in light of the carriers' record profitability, nor do we accept the need for the radical restructuring of our health plan.

The agreement does contain significant additional economic gains for UTU members—certification pay, bonuses and enhancements for rate progression employees—which apparently were used to entice the UTU to agree to almost the exact same plan design concessions that our coalition rejected back in April. Even if the carriers offered the full value of cert pay and the rate progression bonuses and shortening, it would still not be enough to make this an acceptable agreement.

For 18 months our coalition's position has never wavered, and it will not now. The carriers are racking up record profits, at a pace double than what they did during our last bargaining round. There is no reason for a single concession in this environment, let alone major cost shifting to employees in health care. Nor can we or will we accept a wage settlement inferior to what we achieved last round.

The health care changes in the UTU agreement are unacceptable on two counts. First, the magnitude of the savings to the Plan is tremendous, over \$4,600 per employee over five years. Of that, over \$3,700 is in the form of direct cost shifting to the employee. The rest comes from changes that in many cases will be burdensome, extracting and oppressive to the way employees will get treatments and drugs. It is outrageous that Medco will now have veto power over major drugs that doctors prescribe.

Secondly, we disagree with the whole idea of pushing insurance costs onto those who most need it by upping user costs. That's what insurance is for—to protect you when you're sick and most need it. Under the UTU agreement's unprecedented introduction of deductibles and coinsurance to managed care, the sickest employees will be hit with huge bills. That's not my idea of a fair insurance plan.

We don't see the need for any negative changes to our health care plan given the carriers' unprecedented prosperity. Every quarter they report new records in profits and earnings. All of that has been achieved under our current plan. Why would we agree to give them more than a half billion in concessionary savings in that environment? How much is enough?

We have many times done everything in our power to enhance the carriers' economic returns provided it did not come at the expense of employees. We have stood with them against reregulation, environmentalists' assaults on coal, and any number of efforts that would adversely impact their economic health.

And we will continue to do so. We continue to believe that it is in our best interest to have the healthiest, most profitable employers in the country. Now it's time for them to share their prosperity with the employees who contribute so much. It is not a time give back anything.

We are proud to be bargaining in a coalition with the American Train Dispatchers Association (ATDA), the TCU, the International Brotherhood of Electrical Workers (IBEW) and the Transport Workers Union (TWU). Each of these strong unions has unequivocally rejected the UTU agreement as a pattern for our settlements.

Our coalition demanded to be released from mediation last December and again in February. The NMB rejected our request the first time, and has not responded to our February request.

Now, in the face of the UTU agreement, the other coalition of unions has also requested the NMB to release them from mediation. That coalition is comprised of the Brotherhood of Locomotive

Engineers and Trainmen/IBT, the Brotherhood of Boilermakers, the National Conference of Firemen & Oilers/SEIU, and the Sheet Metal Workers International Association.

Our coalition met with the other coalition last week. We agreed that we could work together before a single Presidential Emergency Board. Not a single union in national bargaining outside the UTU believes that the health care changes in the UTU agreement are in any way acceptable, or that the wage increases are sufficient.

We plan to renew our demand for release at NMB-called negotiations scheduled for June 28 and 29. The NMB insists that we meet again with the carriers even though we have continuously stated that we will not make a single concession in our health care plan. The NMB should release us as soon as possible. We are fully prepared to make a strong case to a Presidential Emergency Board.

We are clearly at impasse. The NMB must not delay releasing us because of the UTU's lengthy ratification process. We will be at impasse whether the UTU ratifies or not. We will never voluntarily agree to these terms.

The carriers have already stated that the UTU agreement, less the additional compensation to UTU employees, is a pattern for all other Unions to accept. That is not accurate and as far as we consider, it is DOA.

We cannot and will not be held hostage to an agreement we had no say over. An agreement that falls far short of a fair and just settlement. An agreement that we believe was achieved through cynical and devious horse trading where one union was offered gains in return for agreeing to changes in health insurance that the carriers assume will be shoved down the throat of every other union, even though they knew that all the other unions opposed these changes. An agreement that would drastically diminish the health benefits of over 400,000 rail workers and their dependents, and subject an additional 31,000 retirees and dependents to restrictive drug constraints.

Brothers and Sisters, we did not come this far to simply roll over because someone mad an agreement. We will fight with every ounce of power our Union has. We will fight as long as it takes and we will do whatever it takes to prevail.

Sincerely and fraternally yours,



Joe R. Duncan
PDGC/RR Coordinator

Cc: R. Roach, Jr.
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