MARCH 2015

On The Move

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PRESIDENT'S REPORT: WILLIE BROWN

Gaining and Maintaining Ground for Transit Workers

Ever since I became a union representative in Local 234, I've been committed to openness, trust and accountability to our members.

The resources of TWU Local 234—our buildings, our bank accounts, our budget—don't belong to the officers you happen to elect at any given time. They belong to you, the membership.

This special edition of *On the Move* provides up-to-date, factual information about our contract, our goals for 2016, our record over the past year and some of the challenges we face together. With the facts in hand, the members of Local 234 and the leadership of the local can be invincible in the coming years.

Winning at the bargaining table: While other public employee unions have been forced to accept major concessions, Local 234 members won pay increases from SEPTA in 2014. Our gains included a five percent pay increase over two years, an increase in dental benefits, and a lump sum incentive for members ready to retire.

Just as important, we fought off management's attempt to require higher weekly contributions and additional co-pays for our health insurance, and beat back their effort to stick new hires with an inferior 401(k) type retirement plan. This would have cut off funds earmarked for our pension plan. Going into negotiations,

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Local 234 members won pay raises from SEPTA in 2014 without a strike—because we were ready to strike if needed, and management knew we were ready.

Local 234 Backs Anthony Hardy Williams for Mayor

"Problem Solver and Consensus Builder" Will Help in Fight for Pension Reform, says Pres. Brown

Transport Workers Union Local 234 has endorsed State Sen. Anthony Hardy Williams in his bid for the Democratic nomination for Mayor of Philadelphia.

"Tony Williams has been a fighter for the people of Philadelphia throughout his career," said TWU Local 234 Pres. Willie Brown. "He has been on the front lines working to bring people together. He's a consensus builder and problem solver."

Noting that Williams played a positive role during previous negotiations between TWU and SEPTA, Brown said that Williams is "aware of the needs of our members and retirees" as Local 234 takes on the fight for real pension reform at SEPTA.

Williams also understands the critical role transit workers play in keeping the city's economy growing, said Brown, and will provide the leadership Philadelphia will need in the coming years.

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Gaining and Maintaining Ground for Transit Workers

our members had one of the top benefits packages for public sector workers in the country—and we have the best benefits package in the area coming out of negotiations.

Solidarity Works: We gained and maintained in 2014 without a strike. How? Because our members were united and determined—and SEPTA management knew it. You voted overwhelmingly to authorize a strike, and everyone knew we were ready to hit the bricks if necessary. Our solidarity delivered a good short-term settlement, with the aim of tackling much bigger issues in 2016. Our solidarity will be tested as we face even greater challenges ahead.

Our Top Priority—Pension Reform: We succeeded in defending our pensions in the most recent round of bargaining, but *real* pension reform is needed to protect our retirement income over the long-term.

Don't be confused when you hear Republicans in Harrisburg talk about "pension reform" that involves *reductions* in our benefits. That's not reform; it's a scheme to destroy our pension plan. (See "Attack on Public Employee Pensions," p.8.)

Real pension reform means a fully-funded, well-managed pension plan that delivers the benefits we have been promised and paid for, at a reasonable cost to taxpayers.

We've got a program and a strategy to make pension reform happen. (See "Bucking the Trend by Fighting for Pension Reform," p. 6). We won the right to open discussions on this issue early, so we have the time required to develop our plan and rally key political allies to support it. In January we met with a pension expert Josh Gotbaum, appointed by President Obama to head the Pension Guaranty Benefit Corporation, (Gotbaum, now retired, also held high posts in the Carter and Clinton Administrations). And because decisions about our pension will be influenced by Harrisburg and City Hall, we're staying active and involved in politics. (See "Local 234 Backs Anthony Williams," p 1.)

We've paid for our pensions with our hard-earned contributions and by compromising on other issues over the years in contract negotiations. This local will not allow the SEPTA Board or anti-union politicians to mess with our retirement benefits.

Winning Grievances and Arbitrations: A labor contract is just a piece of paper without a strong, united membership and a leadership willing and able to enforce it. Faced with years of disrespect of our members and their contractual rights, we decided upon taking office in October 2013 that it was time to make war, not love, with SEPTA management.

We reversed a previous policy of filing repeated unfair labor practice charges with little result, and instead focused on an aggressive arbitration strategy. We also brought our legal representation in-house, reducing excessive legal fees.

The local won more than
$434,000
in back pay for members.

The results speak for themselves: Although our legal bills are down, our success rate in getting our members' jobs back is way up. (See "Winning in Arbitration is Key to Success for Local 234 members," p. 10.) Over the last year, we won reinstatement in 74 out of 79 contested discharge cases, an impressive *94 percent win rate.* Thirty-eight other cases were without merit, since they involved violations of last chance agreements, theft, and other serious offenses. In total, the local won more than *$434,000 in back pay* for members whose rights were violated by SEPTA management.

We will continue to challenge managerial arrogance, arbitrary and unfair policies, and violations of our contract with all the tools at our disposal.

Getting our fiscal house in order: When I took office in October 2013, the finances of our local union were in bad shape. Due to excessive spending—including spending on patronage jobs—leading to mounting deficits, the previous administration sold off part of our building, leaving us next to an auto body repair shop and a parking lot filled with scrap and junk vehicles. The Local didn't plan ahead to finance the costs of the general election or attendance at the TWU International Convention.

Furthermore, we were actually fortunate to avoid a strike in 2014, because the key financial decision makers in the prior administration decided to spend over $300,000 between May and September 2013 from a special fund *reserved for contract negotiations.* This made it virtually impossible for the local to fund the full-blown campaign that would have been required to win a long strike.

Your current leadership team immediately took action to address the local's financial problems. Rather than reduce services, we cut staff salaries by three percent, and reduced legal and office expenses. As Financial Secretary Joe Coccio reports on p. 3, (See "Union Finances Improve after Years in the Red,") we have achieved a turnaround in Local 234's finances.

In 2013, the local spent $300,000 more than its income from dues and other revenue, a trend that was unsustainable in the long run. In 2014, we spent $600,000 *less than our income,* a big improvement by any standard.

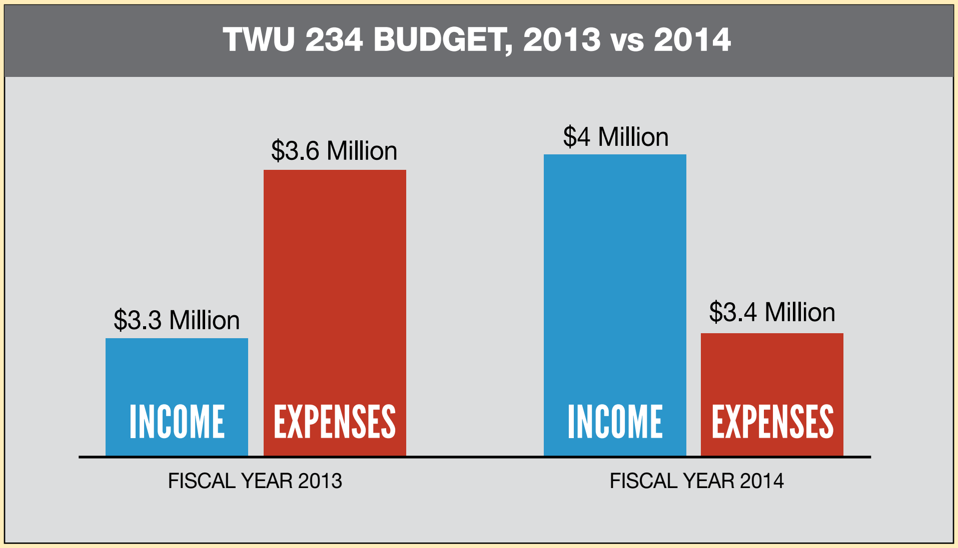
Fighting for our future: With a mayor's race coming up, politicians attacking our pension in Harrisburg, and discussions about real pension reform ready to get underway, we have a lot to do in the coming year.

We must make sure our union is ready, with sound finances, an informed membership and a solid leadership team. As always, it is our membership that can make the difference. If members stay united and involved, we can deliver important gains for our members and our families in 2016.

Back in the Black:
UNION'S FINANCES IMPROVE AFTER YEARS IN THE RED

BY JOE COCCIO, FINANCIAL SECRETARY TREASURER

TWU Local 234's finances are back in the black in 2014. Upon taking office in October, 2013, President Brown and his leadership team took immediate steps to set our finances straight. By cutting staff and contractor costs, eliminating unnecessary expenses, and insisting on rigorous financial controls, President Willie Brown and his leadership team are safeguarding our dues dollars and are keeping our local ready to fight for our wages, health care and pensions.



History of Local 234 Finances
In 2010, Local 234's net worth had reached an historical high. At that time, our local union owned two side-by-side 12,000 square foot buildings, one of which generated a substantial amount of rental income, enough to make the monthly payments on a $1.3 million mortgage.

By 2013, unfortunately, everything had changed. The finances of our local union had steadily deteriorated and, as a result, on June 17, 2013, the prior administration sold one of the buildings to an auto-body shop that took half our parking spaces and set up a junkyard right next door to our local union.

What Happened?
What happened to undermine the financial well-being of Local 234? Poor planning, a lack of fiscal restraint and the improper use of the local's special accounts caused our financial problems.

According to the Department of Labor's official website and Local 234's LM-2 reports, at the end of 2010, the local's assets had climbed to $4,517,114, including over $700,000 in a special account set aside to finance the fight for a new contract in 2014. Unfortunately, in 2011, our union's finances took a turn for the worse—the beginning of a persistent downward trend.

Fiscal year 2011 ended with a loss of $141,602, including depreciation. The downward spiral continued in 2012, with the Local's total assets dropping to $4,095,340. In 2013, the Local total assets declined again to $3,364,756, attributed in part to lawyer's fees in excess of $339,000 for one year. In addition, the Local incurred a substantial loss on the sale of the building. In all, between 2011 and 2013, Local 234 suffered losses of $1,078,963—including staff salaries, patronage hiring practices, an election to try to change the local's By-Laws, and high legal fees paid to an outside law firm with no experience or knowledge of Local 234's contracts or any history in dealing with SEPTA.

Union Building Gets Sold to Auto Body Shop
Things got so bad in 2013 that our local union had to cut staff and sell the adjacent building. We sustained a loss of approximately $250,000 on the transaction, despite a strong commercial real estate market in the surrounding area. When these efforts to keep our local financially afloat failed, funds were taken out of the special contract account, which was supposed to be reserved for efforts to win a good contract for our members at SEPTA.

In 2013, prior to President Brown taking office, local union leaders dipped into the contract account for over $300,000 to pay bills, even using some of the contract funds to pay for expenses to attend the TWU convention in Las Vegas.

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Mounting deficits prior to October, 2013 forced the sale of half our union hall. We're stuck with a repair shop and junk cars in our parking lot.

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Back in the Black: Union's Finances Improve After Years in the Red

Getting the Local's Finances Back on Track
To put our local on a sound financial footing, Brown imposed a three percent pay cut on local union staff and cut legal, accounting and other professional fees. To save money and improve service, Local 234 hired in-house counsel, Bruce Bodner, a member and former officer of Local 234 dating back to 1986. We also entered into a financially prudent retainer agreement with our accounting firm, Leibowitz and Gold, the best in the business.

In addition, our local union's office expenses were cut from $74,429 to $42,389 by negotiating better building contracts, leases and insurance policies and by reducing printing and supply costs. Local 234's bills are now paid on time to avoid late fees and we pay our utility bills in advance if it results in a better price.

After only one year, the results of the local's belt-tightening efforts have been rather remarkable. In 2013, the local's total receipts were $3,254,296 and its total disbursements were $3,612,526. In contrast, in 2014, total receipts improved to $4,036,370, yet total disbursements dropped to $3,442,925, a reduction of $169,601.

Since October 2013, Local 234 has not had one month ending in a loss. Local 234 is back on track toward a solid and stable financial future.

PUBLIC EMPLOYEES, BEWARE:
Billionaire Illinois Governor Launches Latest Attack on Workers and Unions

Bruce Rauner, a billionaire hedge fund manager elected last year as governor of Illinois, has become the latest public official to launch an attack against public workers and our unions.

In February, Rauner issued an executive order banning "fair share" payments from state employees who are covered by collective bargaining agreements but choose not to be union members.

The payments, common in many states and cities, help pay the costs of negotiated benefits received by workers who are not union members, such as pay hikes and grievance representation.

Attack stalled in Pennsylvania:
An anti-union bill to prevent paycheck deduction of union dues in Pennsylvania was proposed last year, but did not pass the legislature. Rauner, a frequent critic of public employees, did not wait for legislative action in Illinois—he simply tried to impose his anti-union policy by executive fiat. His maneuver was "a blatantly illegal abuse of power," according to Roberta Lynch, executive director of AFSCME Council 31, a union representing tens of thousands of public employees in Illinois.

Unfortunately for Rauner, State Comptroller Leslie Munger—who he hand-picked for the job—sought legal advice and determined that Lynch is exactly right: An Illinois state law authorizing fair share payments is still on the books. Governors, even if they are billionaires, can't just ignore the law. So Munger says she won't accept Rauner's demand to withhold payments from Illinois public sector unions.

Stalled, but not stopped: According to the latest news reports, Rauner is attempting an end-around, telling state departments to ignore the law and his own hand-picked state comptroller. He's also

challenging the fair share law in court. A similar case, originating in California, is on its way to the Supreme Court, where some observers believe the current conservative majority is likely to give it a favorable hearing.

The outcome of the California case and of Rauner's illegal anti-union campaign in Illinois is still uncertain. But one thing is for sure: More politicians than ever are ready and willing to attack workers and our unions. Michigan, Ohio and Wisconsin have all passed laws to limit bargaining and union rights (although Ohio voters had the good sense to overturn an anti-collective bargaining law in 2011.) Similar attempts are likely to surface again in Pennsylvania and elsewhere.

Don't complain, organize: Members of Local 234 could find our wages, health care and pensions at risk if anti-union politicians pass laws or issue orders limiting our ability to bargain or taking away our dues money. We have to be prepared to fight back in every way possible. That means educating, agitating, and organizing within our ranks to stand up for our rights as workers and union members.

Standing Up for Civil Rights: Union Grievance Leads to Change in SEPTA's Dress Code

SEPTA has finally decided to stick to running a transit agency and stop trying to be the fashion police.

The Authority and the Union have reached a settlement of Local 234's civil rights grievance filed on behalf of Keasha Paulhill and other union members who are observant Muslims. In accordance with their religious beliefs, the women must wear ankle-length skirts, but SEPTA's dress code denied them the right to do so.

Last July, Paulhill was told by a SEPTA supervisor to change her dress because it was too long. She came to Local 234 for help, and the union filed a grievance on behalf of Paulhill and several other female Muslim bus drivers.

"SEPTA's old policy was arbitrary, discriminatory and it had nothing to do with job performance," said TWU Business Agent, Ron Newman. "These drivers are carrying out every part of their job description, exactly as required. There's no reason for management to interfere with their religious beliefs."

"Our contract says the employer can't discriminate on the basis of race, gender, ethnicity or religion," said Newman. After conducting an investigation to determine whether longer dresses presented a safety hazard, SEPTA decided to settle the case by providing female bus operators with sincerely held religious beliefs an accommodation under SEPTA's dress code. Qualified female bus operators will have the option of wearing ankle length skirts while on duty and performing their duties as bus operators. Any female bus operator requesting an accommodation for religious purposes under SEPTA's uniform policy can now follow the standard request protocol set up by the Authority's Equal Employment Opportunity (EEO) office.

In addition, representatives of the Authority will meet with a group of female bus operators who previously requested a religious exception to the uniform policy, said Newman. The purpose of the meeting is to discuss the appropriate dress characteristics including length, color and material.

SEPTA's positive response to the union's grievance is a victory for our local and the civil rights of all Local 234 members.

Local 234 successfully advocated for the rights of Muslim bus drivers. SEPTA said they couldn't wear long skirts at work—as required by their faith—even though there is no safety or performance issue. We challenged the policy—and SEPTA changed it.

Photo: WHYY

BUCKING THE TREND, BY FIG

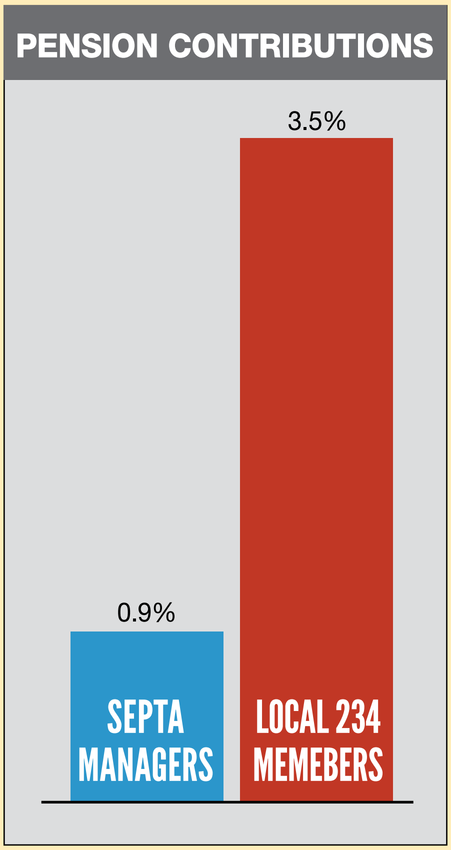
WHAT IS PENSION REFORM?

During the 2014 contract negotiations it became clear that the time has come for real pension reform at SEPTA.

Real pension reform means adequate funding for a sustainable pension system that will pay fair, adequate benefits during your retirement.

Unfortunately, there are more than a few politicians and Wall Street sharpshooters who use the word "reform" when they really mean deform, de-fund and destroy. Their intent is wreck our pension plan, cut back on employer contributions and force you to rely on unstable financial markets when you retire—even if it means senior citizens get stuck eating cat food in their old age.

Creating real reform—not the phony kind—is no small task. That's why we insisted that under our two-year agreement in 2014 that Local 234 has the right to address real pension reform at the bargaining table, sooner rather than later.



Our local union has developed a plan for real pension reform and a strategy for achieving it. Here are our major goals:

1. The fight against income inequality in the country must include the fight against retirement income inequality. That's why we have to *eliminate the gross disparity* in the pension benefits received by managers and union members working for the same *public employer,* SEPTA.

2. Over the last decade, our pension funding ratio has remained in the 50% range; half of the plan's total liabilities. That's not enough to guarantee SEPTA's ability to pay for our pension benefits years in the future. We don't want to see present or future retirees have to face the prospect of retirement benefit cuts, because of the plan's inability to make good on SEPTA's promises and to provide an adequate return on the money we've invested in our own pension out of our own paychecks. We have to address the persistent underfunding of the TWU Local 234 pension plan.

3. Right now our pension benefits are equal to or better than most union pension plans. However, that's because many union pension plans have come under attack and benefits have been slashed. Unfortunately, too many public employee unions let the funding issue sit on the back burner because it appeared safer for them politically. **Local 234 intends to buck this trend so we don't wind up in the same sorry position.** We will seek to secure monthly retirement benefits that will provide Local 234 members and their families with a reasonable, stable standard of living during retirement.

To achieve these goals, the Local will focus on the following pension reforms:

PENSION PLAN BENEFITS

Adjust the formula used to calculate pension benefits to provide:

1. A reasonable monthly retirement income.
At present, an employee who earns $56,000 a year and has 30 years of service with SEPTA is entitled to a pension benefit of $2,500 per month. Individuals with additional years of service receive more. For example, a member with 36 years on the job gets $2,950 a month. That's a decent monthly retirement benefit when combined with Social Security. Yet, given the contributions our members make to the plan compared to management's contributions, we have earned higher monthly benefits and that is one of the goals of real pension reform.

2. A just and equitable relationship between an employee's pension contributions and an employee's pension benefits.
Right now things are out of whack. Our members contribute 3.5% to the pension and get less, managers contribute only 0.9 percent and get more. This makes no sense. SEPTA employees with the same income who contribute less should receive less. This is also true for our members. Members who contribute more during their time with SEPTA should also get more when they retire. There must be a rational relationship between pension contributions and pension benefits.

▶ **Provide a Cost of Living allowance to protect the purchasing power of pension benefits for the future.** A member who retires on $2,500 per month will suffer a loss of his or her pension's purchasing power over time, due to the effects of inflation. This is unfair to the retiree and their families. Just like Social Security, we need a cost of living allowance in the pension plan to protect the purchasing power of our retirement income. While most pension plans do not

HTING FOR PENSION REFORM

have this protection, Local 234 has never been satisfied to go along with the pack. We're ready to break new ground, with a pension plan that includes a cost of living allowance.

Apply the new basic pension formula to calculate the Disability Pension Benefit for incapacitated employees with more than 15 years of service. Permanently incapacitated employees with 15 or more years of service are now entitled to a disability pension of $500 a month. This amount has been frozen since 1992 and $500 month is no longer enough. Instead, the formula used to calculate pension benefits should also be applied to calculate the disability pension benefit.

For employees who are permanently incapacitated but have less than fifteen years on the job, increase the amount received from $100 to $500 for each year of service under the Severance Pay Provision of the pension plan.

Reduce the age of eligibility to receive pre-retirement Survivor Benefits from 65 to 62. The normal age of retirement for a TWU 234/SEPTA employee is 62. The pre-retirement spousal benefit should also kick in at age 62. What's fair for one is fair to the other.

PENSION PLAN FUNDING

Funding is the key to the success of real pension reform.
Funding is the key to getting better benefits and safeguarding the long-term financial health of our pension plan. Right now there are at least five different pension plans funded by SEPTA, each with their own separate fund. The management fund and the union funds are segregated. This makes no sense for investment purposes, and more or less guarantees that our pension plan will always be underfunded compared to management. results in unnecessary fees, which come out of money that should be used to fund yoru penson.

We all work for the same company and we all expect the same treatment when it comes to funding our pension benefits. That's why the funds must be consolidated into a single account, with low expenses and a common funding ratio to support all SEPTA plans.

SEPTA has to contribute more each year to shore up an underfunded pension fund.
There has to be an increase in SEPTA's annual Actuarial Required Pension Contribution to ensure the solvency of a consolidated fund. This is how we can guarantee payment of our pension benefits well into the future.

SEPTA's goal should be a funding ratio of 80 percent or more by 2016. SEPTA must amortize its current unfunded liabilities over a shorter period of time, by paying off the unfunded amount more quickly using a more accurate interest rate. This will close the hole in the plan's unfunded liabilities sooner rather than later, and provide a better guarantee for your retirement security.

Higher pension contributions from management can help close the funding gap.
Management's contribution to the pension fund of 0.9 percent of earnings doesn't cut it, especially when our members are paying 3.5%—nearly four times as much All SEPTA employees should contribute the same percentage of their income to the pension fund.

All employee contributions to the pension fund must be dedicated to reducing the plans' unfunded liabilities, rather than reducing the Authority's pension funding obligations. The money we put into our

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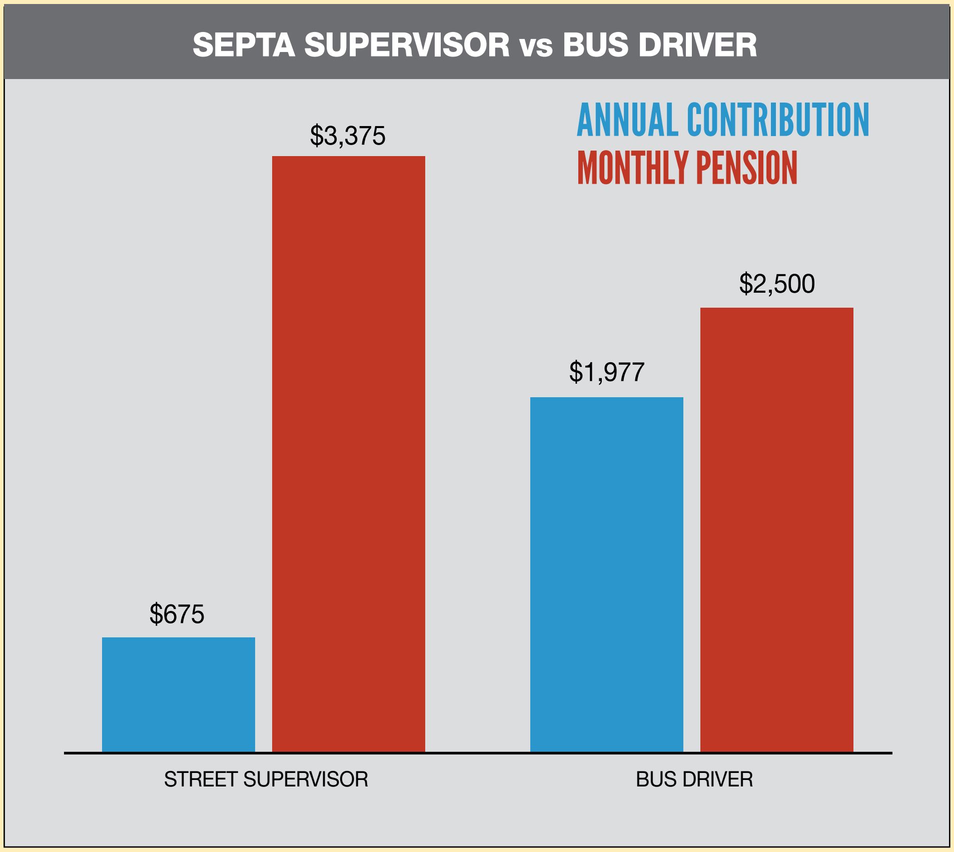


Attack on Public Employee Pensions: COMING BACK TO PENNSYLVANIA SOON?

BY BRIAN POLLITT, EXECUTIVE VICE PRESIDENT

During the past several years, public employees have been forced to pay more for their pension benefits, even though they are getting less when they retire.

Since 2011, higher contributions and painful benefit cuts have been forced on public employees in Arizona, Florida, Illinois, Kansas, Kentucky, Montana and Rhode Island.

Former Gov. Tom Corbett tried to push a similar plan in Pennsylvania. It never got off the ground—in part because research showed Corbett's scheme to cut benefits by shutting down Pennsylvania's state pension plan would add $25 billion to the state's pension debt.

Still on the attack: But Pennsylvania politicians aren't finished. The so-called "pension crisis" is our number one issue, says State Senate Majority Leader Jake Corman. He wants to cut in pension benefits before he will consider any of Gov. Tom Wolf's ideas to raise state revenues for public education, infrastructure and job creation.

The campaign to take money out of our pockets is justified by phony claims of a 'pension crisis.' It's a bogus story. As economist Dean Baker of the Center for Economic and Political Research has pointed out, the *total* projected pension shortfall of every city and state in America adds up to less than one-half of one percent of the Gross Domestic Product. It's a bill that has to be paid, but one that is well within the resources of state and local governments.

Much of the shortfall can be made up by gains in the stock market, says Baker. And pension plans will be much more secure, he argues, when cities and states

make funding contributions as required by law. "The idea that this is an impossible burden," he said, "that's just nuts."

What's really nuts is that the so-called "reform" schemes will cost taxpayers more than our current pension plans.

Would you trust your pension to a hedge fund manager? The pension-cutting caucus, it turns out, is led by the same shady financiers who nearly crashed the entire global economy in 2008. According to "The Plot Against Pensions," a detailed study by David Sirota of the Institute for America's Future, a former Enron trader and hedge fund manager named John Arnold has spent millions on campaigns to cut public employee pensions.

Arnold and his political allies talk about how their "reforms" will save taxpayers money. In truth, they could care less about the financial health of state and local government—or our households.

What they're really after is a new way to get their hands into our pockets.

The goal is to force public employees into expensive individual retirement accounts, which typically charge high fees to every retiree. Who collects these fees? Wall Street operators and fund managers—like John Arnold!

Defined benefit pension plans, by contrast, make payments to retired workers, not business tycoons. A well-funded pension plan delivers secure benefits at a lower cost to taxpayers and retirees, by sharing fees over a large retiree pool and reducing overall expenses.

It's a good system, and it's not broken. But Arnold and his cronies want to break it.

No thanks, Mr. Arnold: We're not buying the snake oil sold by hucksters like you. Instead, TWU Local 234 has an aggressive agenda for real pension reform, based on:

- **Fully funding our pension plan.**
- **Consolidating SEPTA's five pension funds into one.**
- **Equality in retirement income,** with pension benefits based on the contributions made by workers during their years as active employees.

You'll hear more about a phony "pension crisis" from politicians in Harrisburg and elsewhere in the weeks and months ahead. Don't be fooled!

Myths and Facts About Pensions

Myth: “Gold-plated” pensions are bankrupting cities and states

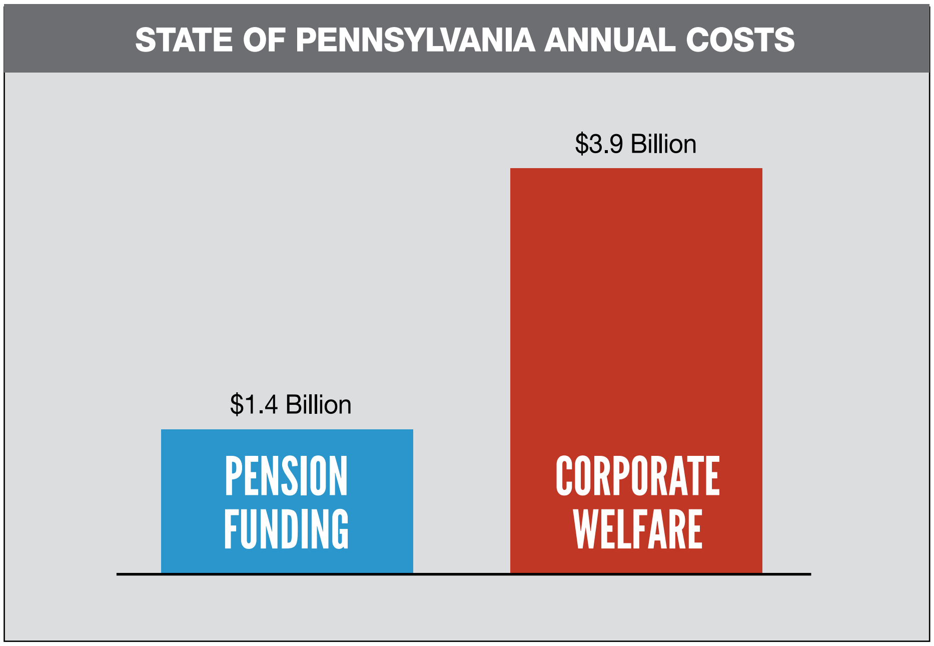
Fact: Most pension funds are reasonably well funded. Shortfalls have been caused by stock market losses and the failure of state and local governments to make required contributions.

Myth: Pension costs are the biggest part of most state and local budgets.

Fact: Not even close. In Pennsylvania, annual pension funding for state employees and public school teachers costs taxpayers $1.4 billion a year. That’s less than half the $3.9 billion a year the state spends on corporate subsidies, tax breaks and loopholes.

Myth: Cutting pension benefits will save taxpayers money.

Fact: Many states that have shifted to individual retirement accounts instead of defined benefit pension plans have seen their costs increase, not decrease. Here in Pennsylvania, former Gov. Tom Corbett’s plan to cut retirement benefits would have cost taxpayers an additional $25 billion by 2046.



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Bucking the Trend, by Fighting for Pension Reform

pension funds must go into our pockets when we retire—not into SEPTA’s pockets. Employee contributions must be limited to the amount of any earnings cap in the pension formula, similar to the approach used for cutting-off Social Security contributions.

Obtain the services of a pension pactuary mutually agreeable to SEPTA and the Union.
Pension actuaries are not “neutral” third parties. They work for the party that hired them to perform actuarial services. That’s why we need a pension actuary jointly approved by the Union and the Authority, so that the Union is as much the “client” of the actuary as is SEPTA.

All of the above, is what we mean by real pension reform. Outlining a plan is the easy part. The hard part is developing and executing a political and bargaining strategy to make pension reform a reality in 2016. Our local union is already creating the right political climate for real pension reform, focusing on winning the support of two key centers of political power: the governor of Pennsylvania and the new mayor of Philadelphia. We are also seeking the appointment of a more open-minded SEPTA board chairman. Local 234 is also implementing an early bargaining strategy, with discussions about real pension reform planned for April 2015.

What is the key to real pension reform? It is the unity, militancy and determination of our membership. Real pension reform is a huge prize and we must all be willing to fight and sacrifice to win.

Winning in Arbitration Key to Success for Local 234 Members

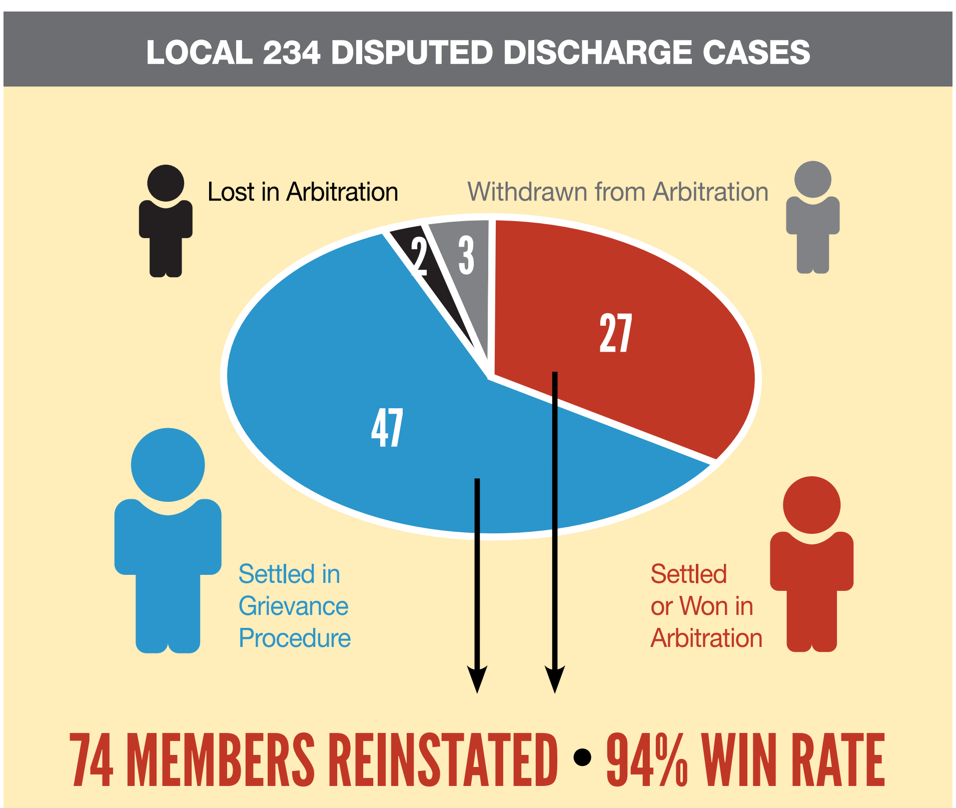
Since taking office in October of 2013, TWU Local 234 President Willie Brown has refocused the Local's contract enforcement efforts on arbitrating disciplinary and contractual disputes with SEPTA.

As a result, we've won reinstatement for 74 members facing discharge, out of 79 contested cases, a remarkable win rate of 94 percent. This includes 47 cases settled favorably during the grievance procedure and 27 settled or won in arbitration. In addition, we have secured more than $434,000 in back pay awards for our members.

This successful record is a contrast to the prior three years, when our local took a turn away from arbitration and towards filing unfair labor practice charges against SEPTA. As it turned out, this shift worked to SEPTA's advantage. Cases that could have been won in arbitration fell to the wayside and the unfair labor practice cases did little to prevent SEPTA management from disrespecting the rights of our members.

Upon taking office, President Brown hired in-house legal counsel to work with him on arbitration cases, settlement discussions, and contract negotiations. In addition to saving our local hundreds of thousands of dollars in legal fees, the employment of in-house counsel—alongside a staff knowledgeable about the contract and experienced in dealing with SEPTA—has led to a major improvement in the outcome of disciplinary disputes.

We now have shorter waiting periods to get cases to arbitration. We are winning settlement agreements with back pay, and we have secured important victories contract cases involving double jeopardy, civil rights, SEPTA's drug and alcohol compliance program, discrimination, and transfer rights.



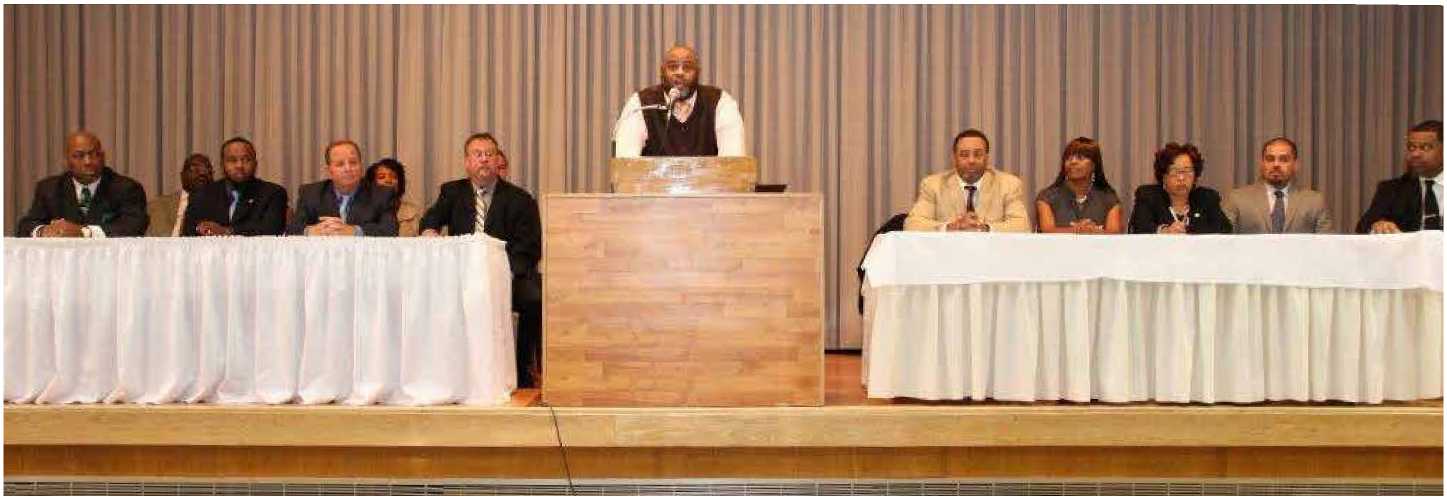
Death Row a Thing of the Past

It wasn't too long ago that almost every transportation location in the system had what came to be known as "death row," a group of operators sitting around waiting for the axe to fall and their jobs lost. Death row is now a thing of the past. Grievances are promptly heard, settled, disposed of or arbitrated. While no local union can win every case, we can insist on the timely processing of cases, so no union member has to wait forever to learn the outcome of his or her grievance.

Winning *tough victories* in arbitration involving substantial sums of back pay or the validation of contract rights has proved key to our local's success in resolving discharge and contract cases.

The amount of back pay the local has won to date has made SEPTA more willing to settle cases before they even get to arbitration, because settlements limit SEPTA's risk of even greater losses. In turn, arbitration victories and settlements increase the prospects of resolving discipline cases at earlier steps of the grievance process. That's why the local has been able to settle 47 discharge cases at the informal, formal, or labor step of the grievance procedure. We have also won reinstatement.

As a result of the local's success in grievances and arbitration, the backlog of discharge cases has been whittled down significantly and the waiting time to get cases heard in arbitration has steadily declined. Moreover, Local 234 is enforcing the rules requiring subletting cases to be given priority over all others. One contract case is now being scheduled for arbitration for every three discharge cases. Contract disputes over subletting of the on-board video cameras, vacation proration and SEPTA's misuse of interviews by the IG's office are now pending in arbitration.



LOCAL 234'S RECORD OF SUCCESS

Here is a summary of Local 234's record handling discharge cases over the past year and the types of offenses that most often lead to discharge.

Discharge Cases Settled in the Grievance Procedure	**47**
Discharge Cases Settled or Won in Arbitration	**27**
Workplace Violence	9
Tampering	4
Pedestrian Knockdowns	3
Direct Order	3
Last Chance	2
Drugs and Alcohol	2
Sleeping	1
Theft	1
Falsification	1
Violation of Law	1
Discharge Cases Lost in Arbitration	**3**
Last Chance	1
Direct Order	1
Job Abandonment	1
Discharge Cases Withdrawn from Arbitration	**2**
Disputed Discharge Cases	**79**
Disputed Cases Settled or Won	**74**
Percentage Reinstated	**94%**
Cases without Merit	**(38)**
TOTAL BACK PAY	**$434,750.00**

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WE MUST AND WE WILL

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