



# On The Move

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## **Negotiations Open for 2016 SEPTA Contract**

*Pension Reform, Unjust Discipline, Preservation of Benefits, Wages and Dignity on the Job Are Key Issues; the Contract Expires Oct. 31*

On Wednesday July 13, 2016, Local 234 opened negotiations for a new labor agreement with SEPTA. More than thirty SEPTA managers attended the session and they got a taste of their own medicine when the Union played video recordings of a number of unjust discharge cases. One video showed an assault on the operator, the other showed a pedestrian running in front of the bus. The Authority initially fired both operators, but backed down later. Still, the operators had to go weeks without a paycheck and endure the stress, family turmoil and uncertainty of not knowing whether they had a job.

TWU President Willie Brown made it clear to SEPTA's bargaining team that in addition to negotiating over pension reform, health benefits and wages, the Union is dead serious about negotiating an end to unjust discipline, while demanding respect for our members on the job. If management is willing to change, we can reach a good agreement. However, if the issues of discipline and respect are not resolved, there is no way the Local will enter into a long-term contract with SEPTA.

TWU International President Harry Lombardo, former President of Local 234, attended the meeting. Lombardo offered President Brown the full backing of the International Union and observed that: "SEPTA's formula for hourly employees and TWU members' pensions is completely immoral." Lombardo pledged to help the Local solve the pension problem once and for all.

## **FIGHT FOR PENSION REFORM UNDERWAY**

The Local presented over ninety (90) specific demands to SEPTA, covering pensions, benefits, wages, job security, subcontracting, discipline, operator assaults, license suspensions, video surveillance, sick pay, maternity/paternity leave, weather emergencies, FMLA leave, picking rights, transfers and the treatment of slate operators.

More specifically, many pension reforms were placed on the table, including an increase in monthly benefits, better funding of the pension, a lump sum option, a cost of living allowance for retirees, the five year guarantee and other reforms. President Brown reminded the Authority that top management still pays proportionately less for their pensions, but receive greater monthly retirement benefits. This problem must be fixed in this round of negotiations.

## **We're Up Against Stiff Resistance**

Of course, for the Local to succeed at the bargaining table, our members must be knowledgeable about the issues, united and prepared to fight, because the road ahead will not be easy. After all, we are trying to fix long-standing problems with our pension and we are facing a political environment hostile to labor, especially on the issue of pension reform.

Think about this. All around the country, in both the public and private sectors, anti-union employers and politicians are pushing for contract concessions to balance their budgets, improve their bottom lines and weaken labor's bargaining power. In many state capitols, including Harrisburg, the Republican Party is trying to *drastically cut public sector pension benefits* as a result of their failure to back up their promises by properly funding these pension programs over a long period of time.

The Authority is trying to get on this national bandwagon. SEPTA wants to cut back on pension costs by drastically reducing our pension benefits. Our pension is a *defined benefit plan*, the terms of which are negotiated. A defined *benefit* plan is one that pays a *guaranteed* monthly benefit when you retire, currently \$2,500 a month with 30 years on the job. In contrast, a defined *contribution* plan, like a 401(k), pays whatever you contribute out-of-pocket, plus or minus, the return on your investments. SEPTA is demanding that our defined benefit plan be *frozen for everyone already on the property* so that our additional years of service won't count. Instead, we would only get a defined contribution plan going forward, along with all new hires!

## **Some Pension Proposals Pull in Opposite Directions**

In addition, some of the pension problems we want to fix *pull in opposite directions*.

For example, we want to link the earnings cap used to calculate monthly pension benefits to the annual earnings of the Technician's Job, more than \$70,000 a year. This would result in a big increase in monthly pension benefits. At the same time, we want to improve the formula used to determine SEPTA's contribution to the pension fund, so that the plan remains solvent for years to come. This will guarantee that every member, however new on the job, will receive a pension benefit when they retire, without fearing that someday the fund may go bust. Here's the rub: The cost of fixing the pension cap will make the funding problem *worse in the short run*.

## **An Insult to Local 234 Members**

SEPTA's pension proposals are an insult to every Local 234 member, especially when you consider the pension benefits received by management. In these negotiations, we must be prepared to fight for real pension reform, rather than open the door for the eventual destruction of our defined pension benefits.

# **WE MUST AND WE WILL**

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