

Carriage House Contract **Keeps Defined Benefit Pension**

Last-Minute Agreement Avoids Likely Job Action

The Chapter 266 membership at Carriage House in Western New York has overwhelmingly ratified a new five-year contract that continues the employer-funded, defined-benefit pension plan that the bargaining committee was determined to maintain.

Negotiators for Ralcorp, the parent company of Carriage House, were adamant about replacing it with a 401(k) system of individual accounts.

“While many younger people don’t appreciate how valuable pensions with guaranteed benefits are, our veteran employees do, and keeping our pension was our top priority,” says Chapter 266 President Tom Dickerson.

Save it they did, thanks to strong unity and the unusual—and very effective—tactics of the eight-member bargaining committee led by Chapter 266 Secretary Bob Dando.

“At the final bargaining session, every member of the committee spoke about how important that pension is to them, their families and their coworkers,” says NCFO Representative Bruce Anderson. “I’ve been involved in negotiating NCFO contracts for many years, and I’ve never seen anything quite like this.”



Strong unity and unusual tactics helped the Chapter 266 negotiating committee save the defined benefit pension at Carriage House. Shown are (rear, from left) Joe Gullo, Tom Dickerson, Bob George and Dave Hobbs and (front) Bob Dando, April Kaiser, Pam Furman and Rick Czerwinski.

In the end, the company and the negotiating committee came to an agreement that was win-win for both sides.

That evening, almost 400 of the 460 members in the unit gathered in the Dunkirk High School auditorium and ratified their new five-year contract by a three-to-one margin, just hours before the old bargaining agreement was to expire.

Not only does the agreement hike employer pension contributions five percent per year, but it also includes 2.5 percent annual wage increases, slows the increase in employee contributions to health insurance costs and retains full seniority rights in the job bidding system—something else the company sought to eliminate.

“The company is doing well during these hard economic times, marketing the private label food products we make,” Dickerson notes. “But that didn’t stop negotiations from being an all-out battle.” He credits Dando, “a tough and experienced guy who served as our

spokesperson during bargaining,” as being critical to the successful outcome.

“These will be the last contract negotiations before I retire,” says Dando, “and I’m really proud of what we were able to accomplish together.” ✨

Rail Coalition Files for Mediation

NCFO and the other five unions in the Rail Labor Bargaining Coalition have filed a request asking for an outside mediator to help jump-start stalled negotiations for a national freight railroad contract.

The January 10, 2011, request to the National Mediation Board came after virtually no progress was made during negotiation sessions in 2010.

“We’ve sought to bargain on a wide range of issues, but the carriers have refused to talk about anything except their determination to make major design changes in our health care in order to lower their costs,” says NCFO President John Thacker, “We can’t bargain with ourselves, and hopefully a mediator will help the railroads develop a more positive approach.”

To learn more about rail negotiations under the Railway Labor Act, see pages 6-7.

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Ask President Thacker

What do you think the November 2010 election results mean for our union, our members and our families?

—Matt Crossman, Chapter 1186 Barstow, CA

The Democrats certainly took what President Obama correctly called “a shellacking,” and for the next two years it will be much more difficult to pass legislation supportive of working families, worker rights and fair trade.

The party of a sitting President almost always loses seats in the midterm congressional elections. This historically large loss wasn't unexpected, given the state of the economy and the difficult times facing tens of millions of American families.

It no longer mattered to voters that it was the policies of the Bush Administration that created the economic mess. And thanks to a terrible and dangerous decision by the United States Supreme Court, corporations and right-wingers with deep pockets were able to unleash a relentless barrage of paid television ads full of lies and fear mongering.

And they didn't even have to tell viewers who was paying for the ads and what they hoped to gain.

Republican control of the House of Representatives puts many anti-union, pro-corporate zealots in key positions.

But, despite efforts by Republican leaders in Congress to tout the election results as an embrace of a pro-corporate, anti-government agenda, the facts say otherwise.

The results of election night polling in 100 “swing” Congressional districts—in which 53 percent of those polled voted Republican, 47 percent Democratic—are very interesting.



• Some 70 percent of the voters who described themselves as *very dissatisfied* with the economy voted Republican, yet only 35 percent of those polled believe that Republicans have a clear plan for fixing the economy and only 28 percent think Congressional Republicans have done a good job (slightly less than the 30 percent favorable rating for the Democrats).

• 89 percent want to see tax credits for companies that create jobs in the United States (instead of places like China).

• 77 percent favor public investing in rebuilding roads, bridges, schools and energy systems to create jobs, and an equal percentage endorse investment in jobs to maintain U.S. competitiveness.

• Only 35 percent favor raising the Social Security retirement age. Just 25 percent want to reduce or eliminate the minimum wage. Less than half support keeping the Bush tax cuts for people making more than \$250,000 per year.

It's clear to me that there's no mandate for a right-wing agenda. Much of the anger among voters—including many NCFO members, I'm sure—is that too much was done for Wall Street and not enough for average

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NCFO PRESIDENT
John R. Thacker

NCFO SECRETARY-TREASURER
Dean Devita

EXECUTIVE BOARD MEMBERS
Michael A. Moses
Michael H. Williams

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Americans. Both parties have much to answer for in this regard.

A recent ABC News-Washington Post poll from just before Christmas shows that Americans trust President Obama over Congressional Republicans by a hefty 53–38 percent margin when it comes to helping the middle class.

And that's no surprise: in order to try to make President Obama look bad and give tax breaks to those who need them least, the Republicans in Congress were ready to block any extension of unemployment benefits and kill tax breaks for working families.

This is no time for us to be quiet. Our job is to keep pushing President Obama and lawmakers in both parties to stand up for the working families who make up the middle class. ✨

For 2011, Social Security taxes for employees paying into Social Security (and into Tier I of Railroad Retirement) are lowered from 6.2 to 4.2 percent—giving someone earning \$30,000 about \$11 per week more in take-home pay for the year.

Enacted as part of President Obama's deal with Congressional Republican leaders late last year, the \$111.7 billion tax cut will aid working families and help stimulate the economy.

Under the plan, the U.S. Treasury is supposed to add that amount to the Social Security Trust Fund. But with Wall Street and many politicians calling for raising the retirement age, slashing benefits and privatizing, many supporters of America's most cherished government program worry that there will be pressure to make the cuts perma-

CUT IN SOCIAL SECURITY TAXES Boosts Take-home Pay

But Will it Lead to Social Security Reductions Later?

nent—thus undermining financing and the self-funding nature of the social insurance program.

“And once they start messing with Social Security funding, it's going to be easier for those people already spreading lies about Social Security

going bankrupt to advance their efforts to slash benefits and let Wall Street get its greedy hands on the money,” says NCFO Secretary-Treasurer Dean Devita.

Under the stimulus law, President Obama insisted on including income tax cuts (as supposed to Social Security tax cuts) of up to \$400 for individuals and \$800 for couples in both 2009 and 2010.

“A family earning less than \$40,000 per year would have made out better if that approach had been continued this year,” Devita notes. *

New Year Brings Health Care Help for Seniors, Limits on Gouging by Insurance Companies

Under provisions of the Affordable Care Act signed into law last March by President Obama, Medicare recipients now get free screenings for cancer and other diseases and more help in paying for costly prescription drugs, while insurance companies are required to spend at least 80 percent or more of the premiums they collect on their customers.

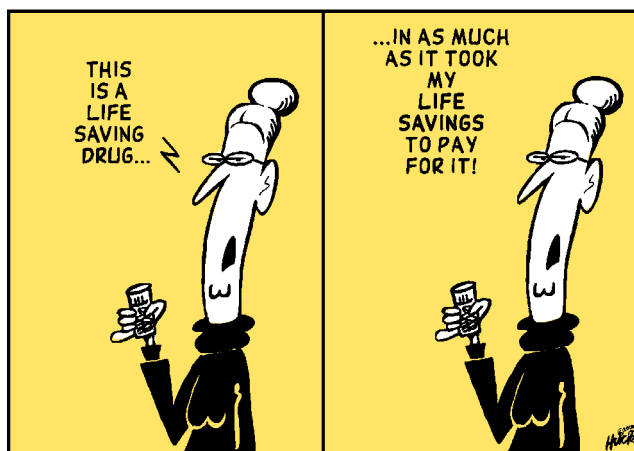
Positive changes in place as of January 1 include:

- **Free preventative services for Medicare recipients**, including cancer screenings, bone mass measurements, nutritional counseling and a free annual checkup;

- **A 50 percent discount on brand-name prescription drugs for seniors** caught in the so-called “doughnut hole” where their coverage disappears and they must pay 100 percent of the drug costs. Thanks to the new law, Medicare recipients caught in that gap last year received a \$250 rebate;

- **Insurance companies must now spend at least 80 percent of the premiums they take in**—85 percent for large group plans—directly on paying for medical care and improved customer health. Previously, there was no limit on how much of the premiums could be pocketed as profits or spent on lavish CEO salaries and perks;

- **Creation of the Center for Medicare and Medicaid Innovation** to slow the rapid rise of health care costs and



improve patient care and processing of claims and payments.

Other important changes that went into effect last year now apply to many more insurance plans that began their “plan years” on January 1:

- **Almost all insurance plans must now allow parents to keep their adult children**—up to 26 years of age—on their policies;

- Similarly, **insurance companies can no longer deny coverage to children with pre-existing conditions**, cancel coverage when the insured gets sick or impose annual or lifetime limits on payment for care. *

Social Security, the Deficit,

Part II. Seven Myths That Working Americans Can't Afford

In Part I (Summer 2010 Journal) we showed that Social Security is vital to the well-being of senior citizens, is self-funding and will never add a single dime to the government's debt in the future, once the super rich are required to pay Social Security taxes on their entire income.

Much has happened since this article appeared: President Obama's deficit commission issued its report, Republicans won a sweeping victory in the November elections, taking control of the House of Representatives, and President Obama and Republican leaders reached a deal on tax cuts and the extension of unemployment benefits.

A great deal of what is being said and written about these things—and the general state of the economy—is geared to serve the interests of Wall Street and big business. A little myth-busting will help you cut through the rhetoric.

▶ MYTH 1 **Bloated government spending on bureaucracies and social programs caused the current deficit.**

THE TRUTH — When President Bill Clinton left office early in 2001, the federal government had a budget surplus. Deficits rose in the last decade due to the Bush tax cuts, the prescription drug program (that did nothing to lower drug costs), and the unfunded wars in Iraq and Afghanistan (special taxes were passed to pay for previous wars). The deficits then soared due to the very deep economic crisis.

“The rich are always going to say that, you know, just give us more money and we’ll go out and spend more and then it will all trickle down to the rest of you. But that has not worked the last 10 years, and I hope the American public is catching on.”

—WARREN BUFFETT,
the world's third richest man

▶ MYTH 2 **Tax cuts for the rich will create jobs and make the economy grow.**

THE TRUTH — We'll let Warren Buffett, the world's third richest man answer this one. “The rich are always going to say that, you know, just give us more money and we'll go out and spend more and then it will all trickle down to the rest of you. But that has not worked the last 10 years, and I hope the American public is catching on.”

▶ MYTH 3 **President Obama's stimulus bill didn't lower unemployment and only increased the deficit.**

THE TRUTH — Stimulus spending is credited with saving some 1.2

million jobs. But, it simply wasn't big enough to offset even the cuts in state and local government spending that occurred.

▶ MYTH 4 **My family can't live beyond its means, the government shouldn't either.**

THE TRUTH — It's one thing for your family to run up those credit card debts by buying lots of stuff you can't afford, but it's quite another thing to take out a student loan to pay for training so you can get a better job, or (under normal circumstances) take out a proper fixed mortgage to purchase an affordable home. These debts become investments in a better future. As for the government, see Myth #5.

▶ MYTH 5 **Massive government debt threatens our future. We have to slash government spending and drastically lower taxes.**

THE TRUTH — Let's look at the end of World War II and the decades that followed to get a better handle on this one. At the end of the war, government debt totaled over 120 percent of the GDP (the total value of goods and services produced in the country). Instead of cutting the budget, America

Taxes and You



made investments vital to a new economy—the GI Bill, housing subsidies, the interstate highway system, the conversion of military plants and the Marshall Plan for Western Europe. There were annual deficits, but the economy—and the middle class—grew much faster and by 1980, federal government debt fell to 30 percent of the GDP. And, by the way, tax rates on the richest Americans were the highest they've ever been in the 1950s and 1960s—with the average high-income earner paying over 50 percent of their income in taxes.

Of course, the long-term debt is a serious problem and it must be brought under control. But, first we must improve the economy by investing in new technologies, infrastructure and education. And we must require those who have benefited most to once again pay their fair share of the cost of government.

▶ MYTH 6 We all have to sacrifice to get out of the current economic mess.

THE TRUTH — Working Americans have been sacrificing for the past 30 years—and especially during this deep recession—while the rich have taken an ever-increasing share of the economic pie. Corporations have gotten billions in tax breaks to move jobs overseas. Be it the savings and loan crisis of the 1980s or the Wall Street greed-induced meltdown in recent years, we've paid the massive bill, and Washington has become a virtually unlimited ATM for just about every big economic interest group—except for working people.

During the years 1950-80, average income for average Americans (all but

the ten percent with the highest incomes) went up 75 percent. Since then it has flat lined—going from \$30,941 in 1980 to \$31,244 in 2008 (when you control for inflation). Meanwhile, the share of income going to the wealthiest one percent rose from 9 to 23.5 percent.

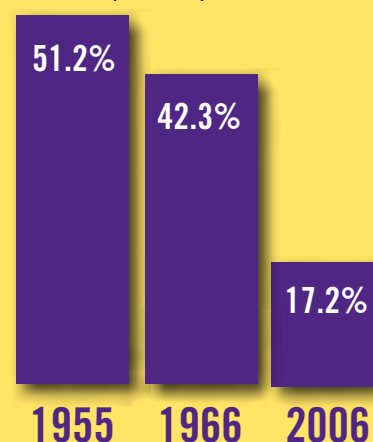
Who do you think should foot the bill for straightening out the economy?

▶ MYTH 7 With everyone living longer, it makes sense to raise the Social Security retirement age to 69.

THE TRUTH — Over the past 25 years, life expectancy for higher-income men has gone up five years but only one year for lower-income men. So, this proposal, as Nobel Prize-winning economist and *New York Times* columnist Paul Krugman puts it, amounts to “saying that janitors should be forced to work longer because these days corporate lawyers live to a ripe old age.” *

U.S. Super-Rich Get a Super Ride

Percentage of total income the super-rich paid in taxes



Note: Data covers 400 highest income taxpayers in 1955 and 2006, highest 644 in 1966

Source: IRS

It's not only for lawyers and full-time union officials



Average Member's Guide to Rail Contract Negotiations

RLA v. NLRA

Almost all union organizing and bargaining of contracts in the private sector is regulated under the National Labor Relations Act (NLRA). The railroad and airline industries are covered by a separate law, the **Railway Labor Act (RLA)**.

Under the RLA, government plays a much more interventionist role in encouraging negotiations, sometimes requiring mediation, and making sure all other avenues of dispute settlement are exhausted before the employers and unions are free to engage in **Self Help**—such things as a strike by the workers or the imposition of new contract terms by the employers. Throughout the process, until the end of a 30-day **cooling-off** period, which occurs after all other steps have been exhausted, the **status-quo** (all the terms of the existing contract) must be maintained.

Under the RLA, collective bargaining agreements actually never expire. They can be reopened to negotiate such things as higher wages or changes in work rules only during specified periods, when either the union or the employer—or both—can file written notice requiring negotiations to begin. This is known as **Section 6 Notice**.

Rather than every railroad union negotiating separately with every railroad, bargaining is often done by co-

alitions. NCFO and five other unions are bargaining together in the **Rail Labor Bargaining Coalition (RLBC)**. Virtually all of the major freight railroads bargain together through the **National Carriers' Conference Committee (NCCC)**.

Role of NMB

Which political party controls the White House can have a big impact on railroad labor relations, because the President of the United States appoints the three-member



National Mediation Board (NMB), although the appointments must be approved by the Senate.

The NMB plays a key role in facilitating bargaining and overseeing dispute settlement during contracts. It can provide **mediation** to help the parties reach an agreement and voluntary **binding arbitration** to decide the new contract terms.

As you can see from the chart, at later stages of the process, the President can get involved again, by appointing

TRUE OR FALSE: *Even after giving Section 6 notice, neither the RLBC nor the NCCC may exercise Self Help while either the NMB or a PEB has them cooling off during a status-quo situation.*

Welcome to the often confusing world of the Railway Labor Act (RLA), under which NCFO currently is bargaining on behalf of the 3,000 members employed by freight railroads.

The statement above is true, and hopefully this article—and the flow chart on these pages—will help all NCFO members better understand how this bargaining process works.

Commuter Rail Bargaining Updates

- It's been more than *three years* since NCFO Chapter 941 and other unions opened their contract with the Massachusetts Bay Commuter Railroad. The parties have now been released from mediation, and a Presidential Emergency Board (PEB) will begin the process of investigating the contract dispute and recommending a settlement in the near future.
- After a year of little progress in negotiations, NCFO currently is in mediation with the Long Island Rail Road. Sessions are to begin in May.
- Negotiations are underway between NCFO Chapter 520 and Metro North Commuter Railroad. That contact was opened for bargaining April 30 of last year.

a **Presidential Emergency Board (PEB)** once the mediation process has ended. If either the railroads or the unions reject the findings of the PEB, either party can initiate Self Help. Congress could step in and pass a law imposing a settlement.

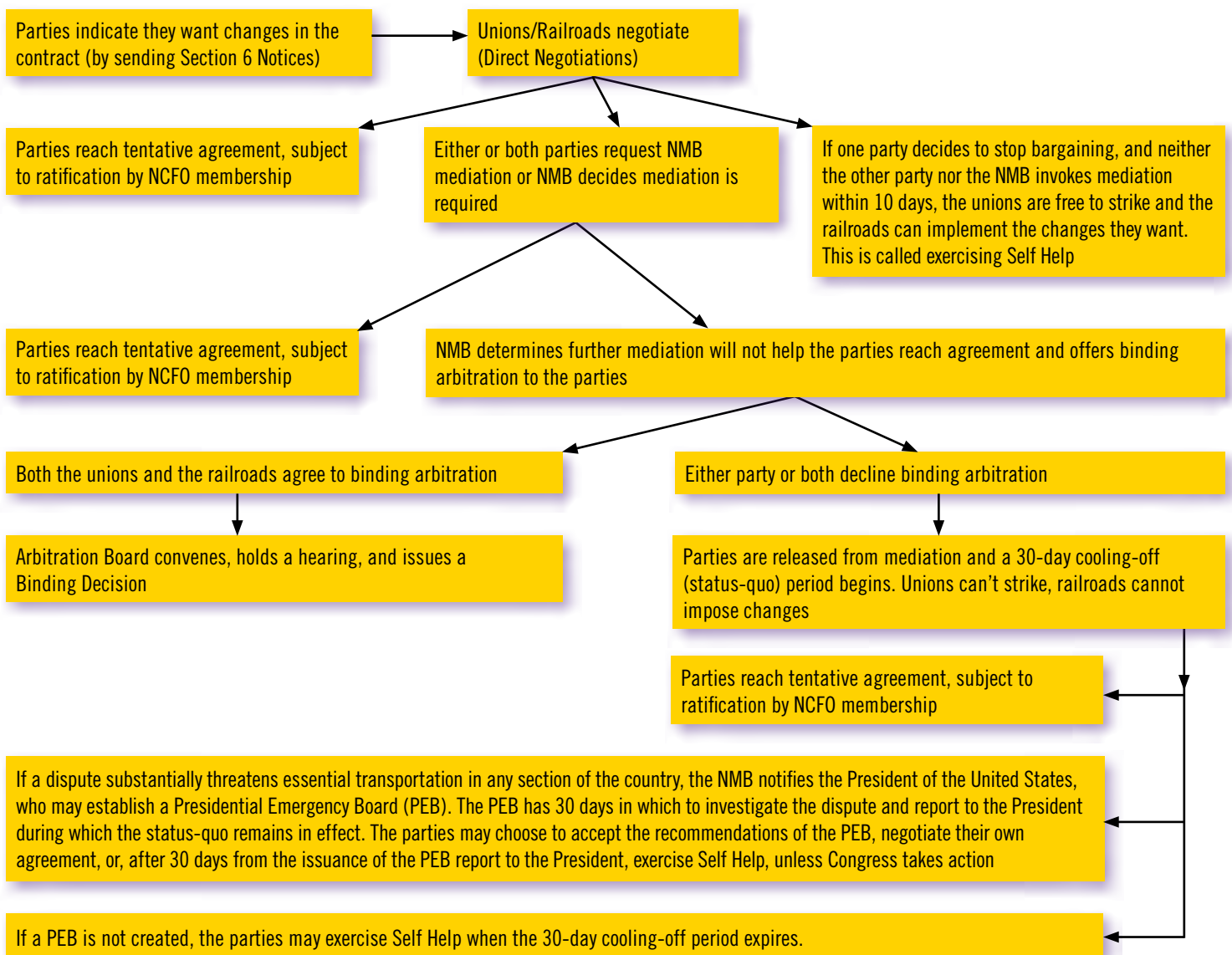
As noted on page one, NCFO's bargaining coalition—and the railroads—both filed Section 6 Notices late in 2009. But scheduled bargaining sessions in 2010 made little progress, and the unions have asked for mediation by the NMB.

Rail negotiations often take a long time to complete. The 2005–9 contract (still in place until new terms are negotiated or the parties are free to engage in Self Help) was not settled until the spring of 2007. And the 2000–2004 agreement wasn't ratified until early in 2005. ✨

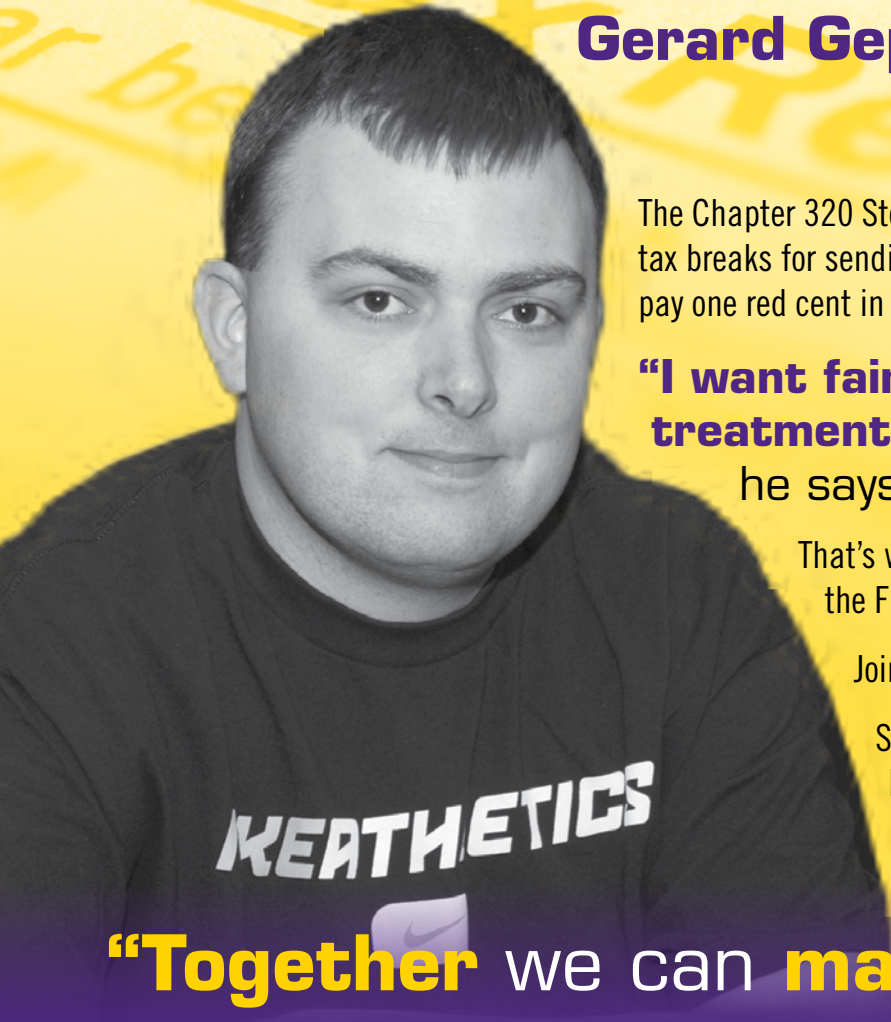


NCFO President John Thacker (right) and Danny Hamilton of the Boilermakers participate in a union strategy session prior to the start of national freight negotiations last year.

How Bargaining Works between NCFO and the Freight Railroads



Who Do You Think **Paid More** **Federal Income Taxes** in 2009, **Gerard Gephart**, or his employer, **General Electric?**



The Chapter 320 Steward doesn't think it's fair that GE got huge tax breaks for sending good American jobs overseas and didn't pay one red cent in income tax.

"I want fair taxes, fair trade and fair treatment for working Americans,"
he says.

That's why Gephart gives a monthly contribution to the Firemen & Oilers Political League (F&OPL).

Join him in the fight for fairness in Washington.

See your steward or chapter officer to sign up as a F&OPL contributor through payroll deduction or—
if that option isn't available—by writing a check.

"Together we can **make a difference."**

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