

# BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN

## NATIONAL DIVISION

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## DENNIS R. PIERCE

National President

October 25, 2017

Members Eligible for Ratification Vote

Re: BLET Tentative National Agreement

Dear Brothers and Sisters:

On October 6, 2017, the Brotherhood of Locomotive Engineers and Trainmen, along with the five other unions that make up the Coordinated Bargaining Group, announced a Tentative National Agreement with the Nation's Freight Carriers. For over two and a half years, our bargaining team has been at the negotiating table in an effort to reach a voluntary agreement worthy of your consideration. There were many events along the way that impacted railroad employees in a negative way, and many of them also found their way to the bargaining table.

The 2016 downturn in business not only became an impediment to a voluntary settlement, it was used by the railroads to justify dramatic changes in the operations of many of the Class I Carriers. At the bargaining table, the Carriers relied on the downturn in business to justify their ever-increasing demands, delaying a voluntary settlement until after the 2016 National Elections. As part of that process, the Carriers served an even more aggressive proposal on all of the Rail Unions in negotiations this past summer, making it clear what their intentions were should our contract dispute progress to intervention by the Federal Government as part of the final steps of the Railway Labor Act.

While you have every right to be as offended by the Carriers' actions during the bargaining round as we were, it is important to recognize that those actions are the backdrop to the current status of our negotiations. As I told BLET members across the country when I traveled to discuss negotiations, I truly believe that if the Railway Labor Act allowed us to declare an impasse and legally withdraw from service, we would have had a contract years ago. Unfortunately, the Act does not allow that at this juncture; instead, it mandates that the parties continue to bargain until the government — the National Mediation Board — declares that all efforts have been exhausted.

That is the point where we now find ourselves. We are at a crossroads in the bargaining round, and it is now time for BLET's members to decide how we proceed in accordance with the democratic principles of our Union. My obligation as your National President, and in accordance with our Bylaws mandate to provide Education and Training to our membership, is to share with you all of the information that has been developed throughout our negotiations so that you can make a decision based on the facts, as opposed to false or unsupported claims that you might hear on

the property or see in social media. Not all of those who attempt to sway your opinion have the same stake in our future; indeed, their interests may be far different from ours. In times like these, it is often difficult to distinguish the truth from sensationalized mistruths like those now being circulated by persons outside our Brotherhood.

On the one hand, BLET's membership will soon have the opportunity to vote on a voluntary settlement of our contract negotiations. That known settlement provides retroactive wage increases (back pay) in line with national averages and which produce real wage increases (greater than inflation), rejects any increase to our monthly contribution towards our insurance premiums, and takes all national efforts by the Carriers to change our work rules off the table. While the Tentative Agreement makes certain plan design changes to our Health Care coverage, it requires that the Plan (the Carriers) continue to pay 90%, on average, of the point of service costs of the benefits. Plans that pay 90% of all benefit costs are considered Platinum Level Plans under the Affordable Care Act, while the national average for the percentage of benefit costs that other ACA Plans pay is closer to 70%.

Before addressing the other option for resolving our bargaining dispute, I must address the initial reactions of some that we should reject the Tentative Agreement and return to the bargaining table in an effort to get more. This is the crossroads we find ourselves at: the period for negotiations has come to an end. In fact, the BMWED-led coalition, having failed to reach a voluntary agreement, has declared that they are at an impasse, and has asked the Federal Government to take control of their contract dispute. Even they acknowledge that going back to the bargaining table will produce no further improvements.

As such, it is critical that all BLET members understand that rejecting the Tentative Agreement will not bring the Carriers back to the bargaining table. Quite the opposite, rejecting the voluntary settlement creates only one other option: a contract settlement crafted by and potentially imposed by the Federal Government. Should the membership choose to go that route, the next major step in the process would be the appointment of a Presidential Emergency Board ("PEB") to hear our contract dispute and issue recommendations for settlement. BLET — and all other unions that end up before a PEB — will make the same strong arguments that many of you are making insofar as what a fair settlement would be. From the Carriers' side, the voluntary settlement before you now is not what your employers intend to present to that PEB. Instead, they have made it perfectly clear that if the dispute is heard by a PEB, they will seek imposition of the draconian proposal that they served on all Rail Unions this past summer. (*See* <https://www.ble-t.org/pr/news/newsflash.asp?id=5974>)

That proposal had much lower wage increases and eliminated all back pay; it included dramatic increases to the employees' monthly contribution to the insurance premium — where the Tentative Agreement has none — and it would lower the Carriers' obligation to pay the point of service costs to 85%, well below the 90% Platinum Plan level that the current Tentative Agreement offers. Even more onerous are the Carrier proposed work rule changes that would harm all operating employees, and their demands that we either bear the entire potential financial burden of the government's Cadillac Tax on health insurance or that the Carriers have the right to decide

which benefits would be sacrificed to reduce Plan costs below the Cadillac Tax threshold. These Carrier demands are completely off the table if the Voluntary Settlement is ratified, but they will be back if we have to go to a PEB.

These are not being presented to create any fear of what confronts us now; it is to make sure that all members understand why your negotiating team believes that it is time for BLET's members to decide their own fate through their ratification votes. On the one hand, you are being presented with a voluntary settlement that avoids outside interference by the Federal Government in your wages, benefits and working conditions. On the other hand, we must all soberly assess whether the current Federal Government will provide us with more than what the Tentative Agreement contains, or if they will side with the Carriers and impose much less. Those of us who endured PEB 219 and the resulting Congressional action in 1991 that imposed those horrendous recommendations remember all too well just how harmful a contract settlement crafted by the Federal Government can be. To that end, BLET has prepared and distributed a document that shows the dramatic differences between the terms and conditions of the Tentative Agreement and the Carrier position that stands to go before the Federal Government — the difference is dramatic. (*See* [https://www.ble-t.org/pr/pdf/CBG-NCCC\\_TA\\_BLET\\_Slides.pdf](https://www.ble-t.org/pr/pdf/CBG-NCCC_TA_BLET_Slides.pdf))

The difference between these two positions is what is at risk should the membership reject the Tentative Agreement, and any Union failing to share those risks is not giving its members the tools they need to make an informed decision. Again, these risks include no back pay, dramatic increases to the monthly insurance cost sharing payment currently capped at \$228.89, even more dramatic increases in the employees' costs at the point of medical service, and work rule changes that would have you working more for less.

As for the Presidential Emergency Board process if the voluntary settlement is rejected, it would be up to President Trump to appoint the persons serving on a PEB to hear our dispute; there are no constraints on whom he may appoint. The PEB then will make non-binding recommendations. If either side rejects those recommendations and they do not produce a voluntary settlement that is ratified by the membership, then the dispute will be placed into the hands of the U.S. Congress. At that point, Congress will have the full power to do many things. They could impose an adverse PEB recommendation, as was the case following PEB 219 in 1991, or it could decide to modify the recommendations and write the contract that it thinks is appropriate.

In the course of doing so, Congress also could interject itself into other matters long considered sacred to railroad employees, such as FELA, Railroad Retirement, government-paid claims arbitration, and safety rules. In short, the power of Congress as they craft any legislation is limited only by their own collective conscience, or lack thereof. Knowing this, you must ask yourself whether a Congress that just passed a budget bill that would significantly increase your medical costs when you reach Medicare age will care how much your health care costs go up now. The bottom line is this: do you trust the Federal Government to take care of your healthcare in this dispute? Will a Congress that is largely beholden to corporate sponsors reward us at the expense of those interests?

October 25, 2017

These are the same considerations that confronted your negotiating team; this is the reality that we are all confronted with at this time. You must now make an informed assessment and decide the issue through the vote, a democratic principle that is at the core of the union movement and is the cornerstone of our Brotherhood's strength. As you cast that vote, I would only ask that you take the time to look at the pros and cons, and not be swept up in the propaganda being spread by outsiders. Unfortunately, another Union is distributing misinformation, misrepresentations, and outright falsehoods in an effort to interfere in BLET's ratification process. That Union has not given its members a ratification vote or voice, but is rushing headlong towards a contract settlement crafted by the government, not by their own negotiators. BLET members ARE being given a voice, and whatever you decide, your National Division will support the will of the membership.

Trusting you will find this helpful in thinking about the important decision you must make in the coming weeks, and with warmest personal regards, I remain

Fraternally yours,



National President

cc: E. L. Pruitt, First Vice President  
S. J. Bruno, National Secretary-Treasurer  
All Advisory Board Members  
All General Chairmen  
All State Legislative Board Chairmen  
All Special Representatives