



## **STATEMENT OF PRESIDENT F. N. SIMPSON REGARDING STATUS OF BARGAINING**

On October 5, 2017, BLET President Dennis Pierce invited the BMWED to sign on to the tentative agreement initialed by the Coordinated Bargaining Group (“CBG”). I politely informed President Pierce, “no thank you.” Members of this great Union want to know why I decided not to sign on. The reasons for my decision are the following.

The BMWED believes that each union member is “his brother's keeper.” In the area of health insurance that means that before the BMWED agrees to concessions in healthcare benefits, it must exhaust every avenue to maintain existing benefit levels.

Before this round of bargaining began, BMWED established an internal healthcare bargaining committee consisting of elected officers, appointees and our retained healthcare experts. Their task was to devise ways to save the healthcare plan substantial dollars without cutting benefits. The committee succeeded in its task. The BMWED/SMART-Mechanical coalition proposed what is called the “357 Plan” which is simplicity itself. That plan simply looks at the existing medical network providers, United Healthcare, Aetna and Highmark, and puts employees in the lowest cost network operated by one of these existing vendors in each of the 357 standard metropolitan statistical areas in the country. No benefits are changed and the “disruption” - meaning the number of employees who might have to change primary care physicians - is about the same as the current rate that employees have to get new doctors because they leave existing networks under the Plan. The 357 Plan would save the National Health & Welfare Plan \$140 million each year.

Conversely, the CBG tentative agreement obtains its healthcare savings by having sick employees and their families pay more for medical treatment. You may have heard that called “cost shifting” or “consumer driven” medical plans. What all that fancy language means is that sick people pay more and the railroads pay less. That tentative agreement saves the Plan \$100.4 million a year – all of which comes from you, the rank and file members of the union - in 2018. By 2020, those cost-shifting savings are almost \$120 million – all of which comes from the pockets of sick railroaders’. The savings from the cost-shifting concessions actually are less than what the Plan would receive from the BMWED/SMART-Mechanical 357 Plan.

Those sick railroaders are in the most need of our aid and comfort. Today, the average BMWED member pays \$3983.00 per year for health insurance and medical treatment (cost-sharing, co-payments, deductibles and co-insurance). Under the terms of the CBG tentative agreement, by 2020, over half of the Plan participants (all crafts) will be paying \$5000.00 a year. Worse yet, seven percent ( $\pm 7000$  employees) will pay \$10,000.00 or more, while today only one percent suffers such a burden. That figure is about one-quarter of the take home pay of a Trackman working straight time. That would bankrupt good hard-working union families who experienced the misfortune of someone in their family suffering a serious injury or illness. The BMWED cannot voluntarily sign on to an agreement that puts its members at financial risk if they get sick.

This financial risk is compounded by very low wage increases in the CBG tentative agreement. You all know that the railroads are financially healthy; certainly they are much healthier than when I began my railroad career in 1974. The railroads are buying back stock (rewarding their shareholders), and they are paying huge salaries for CEO's (CSX is paying Hunter Harrison \$440 million). Yet, the railroads can't seem to find the money to pay adequate wages to their employees.

The CBG tentative agreement is a four year deal running from January 1, 2016 to December 31, 2019. (The 3% wage increase on January 1, 2015 was ratified in the last agreement and can't be considered as having been negotiated in this round.) That four year deal provides a compound increase of 9.8%, or 2.4% per year. However, once the additional costs for healthcare in the form of increased co-payments, deductibles and coinsurance is factored in, the actual increase is only 2% per year. The total increase over 4 years at straight time for the weighted average hourly rate for a BMWED member is \$8719.00. That rate of return does not keep up with inflation and for those who suffer serious health issues, the agreement actually provides a wage cut.

Finally, some have suggested that I sign on because of the "political climate" in this country. I guess that means some folks are afraid of an Emergency Board appointed by President Trump. I would prefer to reach a voluntary deal rather than have one dictated by an Emergency Board. But I also won't sign a voluntary deal that doesn't improve the working conditions of the membership. I am confident in our case before an Emergency Board, but if it rules against us everyone in this great Union can at least know they fought to the end to get a good deal for the membership. You play the game until the final whistle. I haven't heard one yet. We will fight on.

A handwritten signature in black ink, reading "Freddie N. Simpson". The signature is written in a cursive, flowing style with a prominent initial 'F'.