TENTATIVE CONTRACT SPECIAL EDITION

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VOTING INSTRUCTIONS APPEAR ON PAGE 8
A factual review of proposed National Rail Agreement

By John Previsich, President

This special contract edition of the SMART Transportation Division newspaper is being sent to provide all the facts necessary to help affected members cast an informed vote on the proposed National Rail Agreement. With the advent of social media and the robust dialogue that has been circulating about the proposed agreement, a number of issues have been raised, some of which are good questions and others that are nothing more than misinformation intended to interfere with our internal ratification process. It is my desire that each and every member has a complete understanding of the proposed agreement when casting their vote. Accordingly, the following information on the proposed contract is provided to present for your consideration a factual explanation of its terms.

First, let’s do the math

The term of the contract is five years, from January 1, 2015, to December 31, 2019. Starting with a baseline of $100,000 per year (and adjusting for the 3% increase, implemented on January 1, 2015, that was negotiated in the last round of bargaining to apply as the First General Wage Increase for this round), the annual earnings figure used in the following calculations is $103,000. We started with $100,000 per year because that is a representative wage for the members we represent. All calculations can be adjusted for higher earners and those who earn less than the baseline. See Figure 1 below for how the pay increases in the proposed contract, over and above the already-received 3%, will affect our members with earnings similar to the baseline, presuming a January 1, 2018, implementation.

The calculations show that at the end of the two-year period, our members earning near the baseline would have an additional $18,000+ in their pockets, and the annual earnings going into the next round of negotiations will have increased from $100,000 (prior to the 2015 increase) or from $103,000 (after the 2015 increase) to $113,135.

Healthcare

Now, let’s review the healthcare modifications. We’ll use in-network numbers, as nearly every member utilizes that category:

1. Copays for some doctor visits, prescriptions, etc., are raised.
2. Deductibles are raised.
3. Coinsurance goes from 5% to 10% for expenses over the deductible up to the out-of-pocket maximum.
4. Out-of-pocket maximums are increased.

How will this impact our members in 2018?

Let’s look at Figure 2 below to see examples that reveal some interesting facts.

First, it must be noted that a member’s maximum annual healthcare expenditures are capped at a fixed amount to protect the member and his or her family from excessive out-of-pocket costs. In the light user example below—an office visit that included X-rays—the user will pay $132.50 more for care in 2018 than would have been paid in 2017. The heavy user example shows that for a hospital stay that costs $150,000, the member will see increased costs of $925 for the calendar year when compared to 2017, due to the protection provided by the out-of-pocket maximums that cap an employee’s annual expenditures at a fixed amount.

The examples use figures for 2018 because that is where the most significant change lies. For 2019, the deductible goes up by $25 and the maximum out-of-pocket by $200, with no other changes. These calculations are for an individual—the total additional cost for a family could be affected by a similar amount.

It is important to note that members will be affected by any increased healthcare cost they may incur only after January 1, 2018, by which time they will have received thousands of dollars in back pay and a 4% pay increase from the current rates. It is also important to note that the members’ monthly contribution is frozen at $228.89 and cannot be changed until the conclusion of the next round of bargaining, which starts in 2020.

Added benefits to the healthcare package include an expansion of the Centers of Excellence benefit, Expert Second Opinion, Member Advocacy and Vital Decisions Counseling, and improvements to the Vision Plan, all completely voluntary and at no cost to the employee.

Continued on page 3
Previsich: For your consideration, here are the facts

Continued from page 2

In addition, telemedicine is added with a $10 in-network copay. This benefit will allow members and their families to obtain medical treatment on a 24/7 basis via online or telephone consultation, resulting in advice and/or a prescription as appropriate, with no need to schedule an appointment in advance.

Inflation

Regarding inflation, there is some discussion going around about its impact on the value of the proposed agreement. The accepted inflation index historically used to calculate cost of living applicable to rail contracts is the Bureau of Labor Statistics’ Consumer Price Index (CPI) for urban wage earners and clerical workers. That index (Figure 3a) shows the following:

For 2015 and 2016, inflation was six tenths of 1 percent (0.6%).

For 2017-2019, the Federal Open Market Committee forecasts 1.6% for 2017, 1.9% for 2018 and 2% for 2019 (Figure 3b). In total, that is a compounded 6.23% over the five-year term of the proposed agreement. With wage increases that add up to 13.1% when compounded, the proposed agreement provides increases that are more than double the rate of inflation.

Work rules

Finally, with respect to work rules, the proposed agreement contains no changes for any craft and no forced on-property negotiations of any issue.

Summing it up

In summary, the facts show that the tentative agreement provides wage increases that are more than double the rate of inflation during the contract term and that far exceed the maximum out-of-pocket healthcare increases, even for a member who experiences a catastrophic medical event. The monthly contribution for healthcare is frozen for the life of the contract, and there are no work rule changes for any member.

What’s next? Affected members will soon have the opportunity to cast their vote on the proposed agreement. A ratified contract will conclude this round of negotiations, providing the wage increases, retroactive pay, minimal healthcare adjustments and other benefits that we have already discussed. Alternatively, if the membership chooses to not ratify the agreement, there is no going back to the negotiating table. The Railway Labor Act will direct us toward a Presidential Emergency Board, which will make a recommendation to settle the dispute.

For yardmasters, good news: No rule changes

By Doyle Turner, Vice President

During my career, I have had the privilege of representing our members while serving our union in a number of roles. I have been a staff member in the yardmaster department at the national level, served as a general chairperson representing yardmasters, and now serve as a national vice president representing all crafts. I have been involved in prior national negotiations and have participated in the negotiation of numerous on-property agreements that apply to all crafts represented by our union.

I am proud to say that the current tentative agreement protects all of our members from the potentially devastating work rule changes proposed by the carriers.

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Doyle Turner,
SMART TD Vice President

“A number of issues have been raised, some of which are good questions and others that are nothing more than misinformation intended to interfere with our internal ratification process. It is my desire that each and every member has a complete understanding of the proposed agreement when casting their vote.”

John Previsich,
SMART TD President

For your consideration, here are the facts

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PROPOSED CONTRACT
AT A GLANCE

Your wages: They will increase

January 1, 2015: 3 percent (already received)
July 1, 2016: 2 percent
July 1, 2017: 2 percent
July 1, 2018: 2.5 percent
July 1, 2019: 3 percent

Healthcare:

NEW PLAN BENEFITS

● Telemedicine – doctors available 24/7 with a $10 copay in-network.
● Centers of Excellence – provides for specialized care at recognized facilities with a travel benefit and 100 percent coverage.
● Expert Second Opinion – at no cost.
● Member Advocacy and Vital Decisions Counseling.

VISION PLAN IMPROVEMENTS

● Eye exams available once per calendar year.
● Frames and lenses available every two calendar years.

FLEXIBLE SPENDING ACCOUNTS

● Grace period to use account money is extended from Jan. 31 to March 15.
● Starting in 2019, maximum contribution is raised to $3,000, effective Jan. 1, 2019, and increased up to $500 annually each year thereafter.
● Minimum craft participation requirement is eliminated.

MEDICAL COPAYMENTS

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MANAGED MEDICAL CARE PLAN:
IN-NETWORK ANNUAL EMPLOYEE EXPENDITURE

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<td>$200/$400</td>
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<tr>
<td>Coinsurance</td>
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MANAGED MEDICAL CARE PLAN:
OUT-OF-NETWORK ANNUAL EMPLOYEE EXPENDITURE

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<td>$300/$900</td>
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<tr>
<td>Coinsurance</td>
<td>25%</td>
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COMPREHENSIVE HEALTHCARE BENEFIT COVERAGE:
ANNUAL EMPLOYEE EXPENDITURE

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<tbody>
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<td>Coinsurance</td>
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</tbody>
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NEW PLAN BENEFITS

- Telemedicine – doctors available 24/7 with a $10 copay in-network.
- Centers of Excellence – provides for specialized care at recognized facilities with a travel benefit and 100 percent coverage.
- Member Advocacy and Vital Decisions Counseling.

VISION PLAN IMPROVEMENTS

- Eye exams available once per calendar year.
- Frames and lenses available every two calendar years.

FLEXIBLE SPENDING ACCOUNTS

- Grace period to use account money is extended from Jan. 31 to March 15.
- Starting in 2019, maximum contribution is raised to $3,000, effective Jan. 1, 2019, and increased up to $500 annually each year thereafter.
- Minimum craft participation requirement is eliminated.

Work rule changes:

NONE!
Your negotiating team is unanimous:
This proposal deserves your approval

“What the Coordinated Bargaining Group was able to accomplish, particularly since negotiations deteriorated following last year’s national election, is amazing. Monthly health and welfare payments are frozen at current rates, despite plan improvements, and we experience only minimal increased copays/deductibles that are more than absorbed by other elements of the package even if you incur them. The contract includes wage increases that will raise our members’ current rates by nearly 10 percent over the next 18 months, and 4 percent immediately, with back pay. All without changing a single work rule, and while putting to rest the looming threat of a ‘Cadillac Tax.’ Count me in! What’s not in this agreement is equally as important as what is in it. For me, this is a no-brainer. Vote YES!”

John E. Lesniewski, Vice President

“Given the current political atmosphere, this agreement far exceeded my expectations. Maintaining the monthly healthcare contribution at its current rate was a great achievement by our negotiating team. Unquestionably, this agreement deserves to be ratified.”

David Wier, Vice President

“This contract is fundamentally and financially sound — substantial wage increases, retroactive pay, freezing the membership’s monthly health and welfare contribution and most importantly, NO RULE CHANGES. It’s a thumbs-up for me! I encourage a yes vote.”

Troy L. Johnson, Vice President

“The word ‘historic’ has been used to describe this agreement. Not because of what it provides or protects, instead, because of what it represents. After the last election, we may have been placed in a worse bargaining position, however, we never blinked, and we never backed down. We absolutely defined the word solidarity. We are six labor unions with one powerful voice. I have no doubt that now that we have this tentative agreement the carriers fear and respect our unity. The next step is for you to show the carriers the collective strength of ten thousands of union members and vote in approval of this agreement. Vote YES; we are just getting started.”

John R. England, Vice President

“This proposed agreement was finalized during historic times under unprecedented cohesion on a unified agreement by CSX Transport, the Coordinated Bargaining Group where, for the first time, we stood in solidarity with the Brotherhood of Locomotive Engineers and Trainmen at the negotiating table, shoulder-to-shoulder with the only other union operating in the cab of the locomotive with us, along with all the great leaders in the BRS, ATDA, NCFD and IBB. Our president, John Previsich, did a fantastic job leading our union and protecting every member from what was proposed by the carriers. I am wholeheartedly supporting this agreement that gives solid wage increases, no work rule changes, financial protection by freezing monthly health and welfare contributions and no loss of health and welfare benefits!”

Jeremy Ferguson, Vice President

“It was a great honor to be selected by President Previsich to be a member of the SMART TD National Negotiating Team during this round of contract negotiations. It’s significant to note that the monthly health and welfare contributions are being frozen at the current rate of $228.89 per month, with minimal increases to copays and deductibles for the entire life of the agreement. In my 30 years as a union representative, I have never been party to an agreement where there were NO work rule changes whatsoever. The fact that we were able to fend off attacks by CSX Transportation who were trying to force members to accept their Electronic Bidding System (EBS) and take away their right to decline junior employees every 14 days, makes this agreement more than worthwhile. I am very proud to express my support of this agreement.”

Steven C. Mavity, CSX General Chairperson

“This is an historic occasion. It’s the first time that most of rail labor banded together to negotiate with the carriers, and it has resulted in a quality agreement.”

Daniel L. Young, BNSF General Chairperson

“This proposal is a truly historic moment. For the first time, SMART TD and the Brotherhood of Locomotive Engineers and Trainmen will be voting together on a unified agreement. Six rail labor unions, working together, achieved a proposal that avoids disastrous work rule changes and a devastating loss of health and welfare coverage. This agreement deserves a yes vote.”

Brent Leonard, Union Pacific General Chairperson

“Knowing what has transpired over the past 2.5 years in negotiations and in Washington, a Presidential Emergency Board could be devastating to us all. I feel our negotiating team has brought to our members a quality agreement that contains no work rule changes and is worthy of ratification.”

Mark Cook, Norfolk Southern General Chairperson

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By John Lesniewski, Vice President

What the Collective Bargaining Group (CBG) was able to accomplish in these negotiations is amazing. Following the election last November, the carriers withdrew favorable offers previously on the table and pursued a path bent on decimating our work rules and more than doubling the amount our members paid for their health and welfare coverage. At the same time, carriers proposed minimal wage increases to become effective only upon implementation of an agreement and without any back pay whatsoever.

Such a proposal was clearly unacceptable, regardless of political concerns, and the CBG negotiators would never have presented that proposal to our membership for ratification. It would have been easy at that point to walk away, but it also would not have been in the best interests of our membership. The CBG negotiators recognized that even if we prevailed at a Presidential Emergency Board, which was doubtful given the current political environment, such findings were non-binding, and our next collective bargaining agreement would likely be written by Congress.

As a result, the CBG stayed at the negotiating table and doggedly pursued a favorable agreement without the givebacks being sought by the carriers. We realized what mattered most to our members was:

- How much money they were going to put into their pocket;
- To what extent health and welfare cost increases will cut into those earnings, and
- What work rules will change to the benefit of the carrier and again cut into their earning capacity?

With that in mind, the combined strength of the CBG clearly prevailed.

Presuming implementation on Jan. 1, the wage increases flowing from this tentative agreement will raise our members’ current rates of pay by nearly 10 percent over the next 18 months, with 4 percent received immediately upon implementation, and full back pay. Some will surely argue the raises should be even greater because the carriers are making record profits. I would agree, except the UTU tried that very argument in Arbitration Board No. 559 in 1996, and the Rail Labor Bargaining Coalition (all crafts except UTU) also tried it in the last bargaining round in PEB 243. Both times that argument was

“In negotiations of all kinds, you make the best deal you can based on the time and the conditions you are in — not the time and conditions you wish you were in. Good negotiators know how to make a deal. They make the best deal they can get at the time and under the conditions of the negotiations.”

John Lesniewski,
SMART TD Vice President

By John Risch,
National Legislative Director

“We shoulda got more!”

In my 40 years as a railroader, a response I’ve heard to every tentative contract has been, “We shoulda got more.” The good news is that in this tentative agreement, we did get “more.” Much more than I expected considering earlier demands by railroad negotiators, and much more based on the political climate.

In negotiations of all kinds, you make the best deal you can based on the time and the conditions you are in — not the time and conditions you wish you were in. Good negotiators know how to make a deal. They make the best deal they can get at the time and under the conditions of the negotiations.

By every measure, the proposed agreement surpasses what outside experts expected and is beyond what other unions in other industries are achieving. Nonetheless, there are some who say we should “declare an impasse” or concede that we cannot make a deal and ask that President Donald Trump appoint a Presidential Emergency Board (PEB) to settle our agreement. They are driven by the insatiable desire to “get more” than is possible at this time and under the conditions surrounding these negotiations.

The question then becomes, what would happen if our national negotiations end up before a PEB and then before Congress? We have long prided ourselves in being a bipartisan union with good relationships with Republicans and Democrats alike, so that’s a plus. On the other hand, the major players in settling our agreement would be President Trump, Senate Majority Leader Mitch McConnell and U.S. House Speaker Paul Ryan.

We are strong supporters of Ron Batory, President Trump’s pick to head the Federal Railroad Administration. We are not opposing the president’s picks for the National Mediation Board (NMB) — Kyle Kirsten Hicks Fortson and Gerald “Trey” Fauth. While the two people Trump nominated for the NMB would not be our first choices, they are reasonable people.

However, Trump’s recent nominee to serve on the Amtrak Board of Directors, former U.S. Rep. Lynn Westmoreland of Georgia, is a different story.

While serving in Congress, Westmoreland was rated as the most conservative member of the entire Congress. Rep. Westmoreland voted against Amtrak funding every time the issue came up.

Westmoreland was also an original co-sponsor of the “Na-
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Lesniewski: Negotiating group has pulled off a solid agreement

Continued from page 6

soundly rejected. So why would we want to go down this unsuccessful path and get hit in the head a third time?

The increases in this agreement far exceed the cost of living, which stood at -0.4 percent in 2015 and 1 percent in 2016 according to the consumer price index for urban wage earners (1967=100) historically used in our CBAs as published by the U.S. Bureau of Labor Statistics. They also exceed national averages and more than offset any additional copays/deductibles even if an employee does incur them.

The fact that health and welfare monthly cost-sharing payments are frozen at current rates for the term of this agreement and beyond, until the next generation agreement is reached, is critically important. As healthcare costs continue to rise, our members will enjoy a fixed monthly contribution. Adding plan improvements such as telemedicine, centers of excellence (at no cost), late life counseling and improved vision care availability, at the same time makes it even better. Anyone watching the news knows what a big deal health and welfare rates are and how they continue to skyrocket. While some copays/deductibles and out-of-pocket maximums are increased, they are still set at reasonable amounts far below industry standards. I’ll exchange that for frozen monthly rates, improved benefits and wage increases that far exceed the increased amounts. Especially since I only incur the copays and deductibles when I use them, my costs are capped by a reasonable out-of-pocket maximum, and the wage increases far outweigh any additional cost. On top of that, plan design changes that the carriers were demanding to offset the impending so-called “Cadillac Tax” are now off the table. Do we want that, or do we want a Congress whose federal workers pay about 25 percent of their healthcare costs to determine our fate? No choice there.

What’s not in this agreement is equally as important as what is in it. In addition to removing the looming “Cadillac Tax” threat, rule changes the carriers sought would have been catastrophic. Because this agreement contains NO RULE CHANGES, however, carrier efforts have been thwarted to:

- Eliminate the line of demarcation between road/yard service;
- Establish self-supporting (chain gang) pools, and
- Impose automatic job selection and placement, as well as other disastrous rule modifications.

I certainly wouldn’t want any of these to be resurrected before a PEB, or before Congress.”

John Lesniewski,
SMART TD Vice President

Risch: ‘Shoulda got more?’
Not here and not right now

Continued from page 6

tional Right-to-Work Act,” which would significantly weaken our ability to bargain collectively.

I mention these nominees because if we don’t ratify this agreement, Trump is free to nominate anyone he chooses to a PEB to help settle the negotiations, and eventually our contract may be decided by Congress.

Would the president appoint people to a PEB who are reasonable, or would he appoint people like former Congressman Westmoreland?

We don’t know the answer to that, and neither do the railroads. That’s why making the best deal we can is a far better bet than taking this chance.

This agreement is a good agreement and is much “more” than is likely to come from a Republican-controlled Congress.
1. WATCH YOUR MAIL

Eligible voters will receive a special 6-by-9-inch envelope that contains a booklet of the complete contract, including rate tables, questions and answers, voting instructions, and a voting guide.

2. CAST YOUR BALLOT BY PHONE

A toll-free number will be provided with the enclosed voting instructions.

3. VOTE-BY-PHONE CHECKLIST

☐ Study the proposed National Agreement booklet when it arrives in the mail.

☐ Obtain your 12-digit access code, as printed in your personalized voting instructions.

☐ Know the craft in which you performed service on the date noted in your voting instructions (Conductor, Engineman, Brakeman, Yardman and Yardmaster).

☐ Call the toll-free number and listen to the prompts. You will be instructed on how to cast your ratification vote.