



# Transportation Communications International Union

*An affiliate of the International Association of Machinists and Aerospace Workers*



God Bless America

**Robert A. Scardelletti**  
International President

September 16, 2010

TO ALL TCU MEMBERS

Dear Brothers and Sisters:

As your International President, a critical priority of mine is to keep every TCU/IAM member informed about what your union is doing for you. It is vitally important to me that you fully understand the work your union performs on your behalf -- at the bargaining table and before Presidential Emergency Boards to secure living wages and benefits; before federal courts and agencies to protect your statutory rights; before the National Railroad Adjustment Board and Public Law Boards to arbitrate grievances; and in the halls of Congress to promote railroad employment and to protect railroad retirement.

It is equally important that, in light of the economic circumstances facing all unions, you understand the difficult steps your union has taken and will be taking in the future to streamline and strengthen itself to better represent you and all our members while preparing for the fiscal challenges ahead.

As a result of railroad mergers, bankruptcies and the introduction of new technology, our union's membership declined from hundreds of thousands of members to 46,000 today. It is for that reason we affiliated with the International Association of Machinists and Aerospace Workers ("IAM") in July 2005. In doing so, we were able to maintain our autonomy while increasing our collective bargaining and legislative clout.

The merger has enabled us to save money by consolidating into the IAM many of the functions previously performed at our headquarters, while increasing the level of services and benefits to TCU members. I strongly believe that the merger has been, and will continue to be, an absolute success.

At the same time, our membership continues to decline at the rate of approximately 2,000 members per year, while our financial obligations continue to increase. Accordingly, we must be proactive in preparing for our

future financial responsibilities so we maintain our autonomy and leadership role as the very best among transportation unions. Being forward-looking is essential if we are to protect our hard fought gains at the bargaining table, as well as through legislation such as our unique railroad retirement system, which no other industry has or will ever achieve.

It is for that reason that, immediately upon returning from our last Convention, I appointed a TCU/IAM Transition Team headed by International Vice President and Special Assistant to the International President Joel Parker and International Vice President Russ Oathout, who is now our International Secretary-Treasurer. I directed them to take all steps necessary to identify cost-cutting opportunities, as well as the efficiencies and benefits envisioned by our Merger Agreement with the IAM, to assist us in meeting future economic realities.

They fully shared my commitment to make the changes necessary to ensure that all of our future financial obligations will be met. They worked tirelessly, with the full cooperation of IAM International President Tom Buffenbarger and his staff, to review every aspect of our operations to determine which of our professional and administrative functions could best be performed by the IAM and where other savings within TCU's operations could be realized.

We have benefitted greatly from the merger -- with improved efficiencies and services achieved through the ongoing coordination of operations within the Secretary-Treasurer's office, Publications, Legislative, Legal and other TCU Departments with those of the IAM, as well as the expanded training opportunities available to our local representatives at the IAM's William W. Winpisinger Technology Center.

Since being elected International President in 1991, I have continually reduced the number of officers and staff within our union. Moreover, in conjunction with the total restructuring of our union beginning in 2005, I made further substantial reductions in the number of our officers and staff. These efforts have significantly reduced our overhead and other costs by millions of dollars. We are currently maintaining the highest standard of representation that I believe has ever been provided by our union. Simply put, we have had to do more with less and I'm proud to say we have successfully risen to that challenge.

I will continue to make further staff and officer reductions, if conditions permit. But frankly, we are at a point where further reductions will begin to adversely affect the level of representation and services we provide to our members. Currently our union employs 90 full-time individuals throughout the country, many of whom work directly with our locals on your behalf. This number is very small in relation to the total number of members represented by TCU.

In spite of all of our best efforts, the difficult measures we have taken, the re-structuring of our union and the significant progress we have made with the transfer of work to the IAM, all of which have been done without sacrificing service to TCU members, I must now advise that to remain a strong union that can stand up to the nation's rail carriers, more must be done.

I have concluded, in consultation with IST Oathout, our Certified Public Accounting firm and others, that despite our best efforts, unless we raise our revenue, a number of factors will still cause us to face a substantial financial shortfall by 2012.

Among other factors contributing to our projected shortfall is that our membership continues to decline at a pace of nearly 2,000 members a year while our operating costs continue to escalate without major dues increases. In addition, at the last IAM convention, in recognition of their continuing decline in membership caused by the deepest recession of our lifetime, delegates to the IAM convention, voted to increase the per capita tax paid by subordinate units to the IAM Grand Lodge by \$6 per member per month. This will become an obligation of the TCU as well, because we are an affiliate of the IAM. However, even without this increased per capita tax obligation, we would have already experienced an even greater shortfall than we project if it were not for the fact that the IAM has taken over a significant amount of our administrative functions through the consolidation of many of our departments into theirs.

Therefore, even with our ongoing consolidations and austerity efforts, it is projected that at our current dues rate, we will experience a shortfall of approximately \$4.5 million per year beginning in 2012.

For this reason, I called a meeting of the TCU Executive Council, together with all Carmen Division Officers, and all International Representatives and Assistant International Representatives, on September 14 & 15, 2010, here at headquarters, in Rockville, Maryland, to fully discuss this critical issue and to consider all options.



After a thorough review of our finances and our commitment to provide the best representation possible to each of you; your Executive Council unanimously made the difficult decision to pass a \$10 monthly assessment to cover our projected budget shortfall and to ensure the sound financial integrity for TCU into the future. This assessment will become effective next year – April 1, 2011. While for every TCU/IAM member this increase amounts to a few cents per hour worked, I want you to know that it was not a decision taken lightly.

Your Executive Council fully understands, as do I, that raising dues places a burden on our members and is always difficult, which is made even more difficult by the current economic environment. However, if we are to continue with our standing as the most effective union in the transportation field by continuing to maintain and improve wages and to keep railroad retirement secure for our members, we have few realistic alternatives.

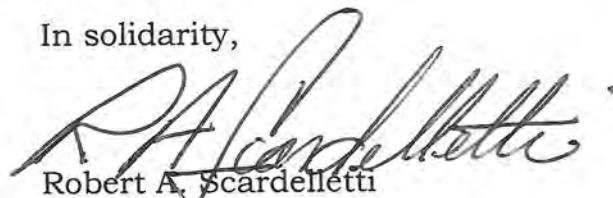
Brothers and sisters, let me conclude with a few personal thoughts. I have devoted my life to the cause of our great union, as indeed, have many of our union representatives. There is nothing more important to me than to continue the work of our union, which is to protect you and your families.

Your very livelihood -- health care, pensions and working conditions -- rests squarely on the strength of our union. We are all extremely proud that in the worst recession since the Great Depression, we have wages, health care, pensions and working conditions that are second to none in this nation.

Our union is the last line of defense for each of you and our union must continue its mission on your behalf.

In closing, I want to express my heartfelt appreciation for your dedication and support of our great union. I know each of you understands that difficult decisions must be made in order to secure a future that will benefit all of our past, present and future members and their families.

In solidarity,



Robert A. Scardelletti  
International President