

New Jersey Transit Rail Labor Coalition

PEB 248 Recommends New Jersey Transit Contract Terms

Presidential Emergency Board 248 has issued its recommendations to settle the four year contract dispute between New Jersey Transit and the Rail Labor Coalition of fourteen unions representing 4,300 union workers.

The recommendations on the major issues of wages and health insurance contributions fall much closer to the terms proposed by the Coalition than those proposed by New Jersey Transit, although the Board did backload its wage recommendations to accommodate the railroad's budgetary concerns.

The PEB found that the Coalition proposals were appropriately based on settlements in the commuter industry, while the company's unprecedented reliance on a state worker concessionary contract was not persuasive.

Coalition spokespersons said, "The Presidential Emergency Board, composed of three veteran, distinguished neutrals, has proposed terms that represent a reasonable compromise approach to settlement. We sincerely hope that New Jersey Transit will now take this opportunity to bring this protracted dispute to an end."

Summary of PEB 248's Recommendations

Wages:

The Board recommends wage increases totaling 18.4% in compounded wage increases over 6-1/2 years, or 2.6% per year. When increases in health insurance contributions are factored in, the recommendation is for 17.7% over term, or 2.5% a year. (The complete proposed wage schedule is attached at the end of this article.)

American Train Dispatchers Association
Power Directors • Train Dispatchers
Brotherhood of Locomotive Engineers & Trainmen • Brotherhood of Maintenance of Way Employees Division-IBT
Brotherhood of Railroad Signalmen • International Association of Machinists & Aerospace Workers
International Brotherhood of Boilermakers
International Brotherhood of Electrical Workers Local 1573 • System Council No. 7, IBEW
National Conference Firemen & Oilers/SEIU 32BJ • SMART-Mechanical
SMART-Transportation Trainmen • SMART-Transportation Yardmasters
Transport Workers Union
Transportation Communications Union/IAM
ARASA Division • BRC Division • Clerical Division

Health Insurance:

The Board recommends going from a monthly fixed dollar employee contribution of \$81.95 a month to a system where employees would pay a percentage of weekly straight time earnings. The current \$81.95 equates to 1.8% of the average straight time weekly rate. The Board recommends that the 1.8% rise to 2% retroactive to January 1, 2012, and then to 2.5% on January 1, 2017. (The retroactive increase would be deducted from back pay.) The average contribution at 2.5% would be approximately \$134 a month. Employees who make more than the average wage would pay more; those who make less would pay less.

The PEB rejected New Jersey Transit's proposal for a new inferior insurance plan that would be mandatory for new hires.

The PEB also rejected the company's proposal to make employees responsible for 50% of whatever excise tax exposure the insurance plan may incur under the Affordable Care Act.

The Board recommends that the current \$5 co-pay for doctor's visits rise to \$10 on January 1, 2016, and then to \$15 on January 1, 2017. The Board further recommends that the co-pay for emergency room visits rise to \$70 on January 1, 2016, and that, also on that date, maintenance drugs will have to be filled by mail order. The PEB rejected the company's proposal to raise prescription drug co-pays.

Ridership Passes

The PEB rejected New Jersey Transit's proposal to eliminate employee ridership passes.

New Hire 401(a) Contributions

The PEB recommends that for employees hired after ratification, carrier contributions to the 401(a) plan start at 1% of earnings for the first year, and then increase by 1% each year until it reaches the current 5% received by existing employees. The Board rejected the company's proposal to reduce contributions to a percentage of straight time earnings only. Contributions will continue to be based on gross earnings for both existing and new employees.

Conductor Certification Pay

The PEB recommends that, upon ratification, all employees who have FRA Conductor Certification receive 20 minutes pay at the straight time rate for all full shifts worked as Conductors. This would apply to Assistant Conductors when working Conductor positions. For employees working partial shifts as a Conductor, the certification pay will be prorated.

What The Presidential Emergency Board Said (Excerpts)

Overall

"We have been mindful of the current fiscal climate and the funding challenges faced by the Carrier and how those factors must appropriately be balanced with the reasonable expectations of the workers who occupy a major role in the successful operation of the rail transit system at NJT."

On Wages

"... over the years wage settlements at NJT have closely followed the general trend of wage changes at the other large commuter railroads in the region, including LIRR, Metro-North, SEPTA and MBTA. ...the Board's recommendations are consistent with the average annual un compounded wage increases at the four other large commuter rail carriers."

"The average annual wage increases of all four of these commuter railroads is 2.6%, the same nominal wage rate increase recommended by the Board."

"Historically, PEBs have not accorded significant weight to state employee agreements, with good reason."

"The Carrier proposes a 1.4% nominal wage increase, which is further reduced by the employee health insurance contributions it seeks in this proceeding. When those contributions are factored in, the Carrier's proposed net increase in wages is 0.6%, far outside the realm of any comparative analysis."

"... the Carrier's wage proposals, if adopted, would almost certainly result in the decrease of real wages for Coalition employees."

"The recommended wage increases have been structured to lessen the impact of retroactivity by reducing the percentage wage increases during the first years of the agreement. ... However, NJT's funding uncertainties and its decision not to set aside monetary place holders for fiscal years 2012, 2013 and 2014 do not relieve the Board of its responsibility to recommend wage increases otherwise shown to be appropriate."

On Health Insurance

“If the Carrier’s proposal regarding both wage increases and contributions to health insurance were implemented, the average health insurance contribution on January 1, 2019... would have risen from \$81.95 per employee per month to \$459.54 (or even more, if premiums rose more rapidly than anticipated). ... the Carrier’s proposal falls outside the current health insurance contribution trends in the industry.”

“Our recommendation would move the employees’ contributions from 1.8% to 2.5%, which we do not consider an unwarranted increase.”

What Happens Next

The Coalition and NJT have until November 12 to negotiate a voluntary agreement. If no agreement is reached by that time, either side or the Governor can invoke a second Presidential Emergency Board. That PEB will select the most reasonable final offer. Its recommendation again will be non-binding. The parties will then have until March 11, 2016, to reach a voluntary agreement. If no agreement is reached, self-help would then be possible.

The Coalition believes PEB 248’s recommendations provide a fair compromise and the basis of a voluntary agreement. New Jersey Transit is still evaluating the recommendations and deciding on its next steps. No negotiations have yet been scheduled.

[FROM THE PEB REPORT]

**PEB 248
SUMMARY OF RECOMMENDATIONS**

General Wage Increases

<u>Effective Date</u>	<u>Wage Increase</u>
07/01/11	0.0%
01/01/12	0.5%
07/01/12	1.0%
01/01/13	1.0%
07/01/13	1.5%
01/01/14	1.5%
07/01/14	1.5%
01/01/15	1.5%
07/01/15	1.5%
01/01/16	1.5%
07/01/16	2.0%
01/01/17	1.5%
07/01/17	2.0%
01/01/18	Amendable

The Parties are to meet and agree upon appropriate procedures for the calculation and payment of back pay.

Contract Duration

July 1, 2011 - December 31, 2017, with an Amendable Date of January 1, 2018

Health Insurance Contributions Levels and Plan Design

<u>Effective Date</u>	<u>Health Care Contribution</u>
07/01/11	1.80%
01/01/12	2.00%
07/01/12	2.00%
01/01/13	2.00%
07/01/13	2.00%
01/01/14	2.00%
07/01/14	2.00%
01/01/15	2.00%
07/01/15	2.00%
01/01/16	2.00%
07/01/16	2.00%
01/01/17	2.50%
07/01/17	2.50%
01/01/18	Amendable

Co-pays

January 1, 2016 - \$10 for in-network doctors' office visits

January 1, 2017 - \$15 for in-network doctors' office visits

January 1, 2016 - \$70 for emergency room visits

January 1, 2016 - Mandatory mail order prescription service for maintenance drugs

The Parties are to negotiate concerning any implementation of a new health insurance plan.

Conductor Certification Pay

Effective on the date of ratification, all employees who have their FRA Conductor Certification receive 20 minutes pay, at the straight time rate, for all full shifts worked as Conductors. For partial shifts, certification pay is to be allocated according to the number of hours worked as a Conductor on any one shift.

New Hire 401(a) Contributions

Carrier contributions for employees hired after ratification: 1% of gross wages for first year of employment, 2% for second year, 3% for third year, 4% for fourth year and 5% for fifth year and thereafter.

Ridership Passes

No recommendation.

Work Rules

No recommendation.