



OFFICE OF THE VICE PRESIDENT

October 1, 2012

Dear Fellow CWA Member at Verizon,

I am writing to explain to you why I think it is critical for you to vote to ratify our recently negotiated contract with Verizon that has been recommended by your elected Bargaining Committee.

I wish I could have the opportunity to talk to each of you personally, but with nearly 18,000 District One Verizon members spread out from Massachusetts to New Jersey, that obviously isn't possible.

There's a lot of heated rhetoric flying back and forth now about the contract. Some members and a handful of local leaders are calling this contract a "sellout" and urging that we go on strike. I respectfully disagree with them, in large part because I don't think they can really answer this fundamental question: **"What happens after we turn the contract down?"**

So I hope that before you cast your vote, you will read this letter carefully and seriously consider what I have to say.

First of all, let me be clear: in the 44 years that I have been in CWA, these were by far the most difficult contract negotiations we have ever faced.

There are many reasons for this and we all should be aware of them: the enormous decline in private sector union membership over the last two decades, to under 7% today; the loss of half of our own membership at Verizon in the last 10 years; the fact that virtually all workers, in both the public and private sectors, now contribute substantially to the cost of their health care premiums—on average 28% of the cost for family coverage.

On top of that, our industry has changed dramatically. Verizon CEO Lowell McAdam is blunt:

"The vision that I have is we are going into the copper plant areas and every place we have FiOS, we are going to kill the copper... And then in other areas that are more rural and more sparsely populated, we have got LTE built that will handle all of those services and so we are going to cut the copper off there. We are going to do it over wireless."

In other words, the company is abandoning the network that provides work for most of our members.

As leaders, in considering the union's course of action, the Bargaining Committee had to weigh all these factors. It is easy to just say "no." It is easy to scream "sellout." It is easy to walk out the door. It's getting back in that is hard.

That's why I urge you consider this question very seriously—if we turn down this contract, what will happen next?

It is clear to me, after more than a year of bargaining and mobilization, that we have negotiated the best possible contract we can get. **There is no more to be won by talking at the bargaining table.**

The question, then, is "are we prepared to strike?" What are the risks of a strike? What would our strike issues be, would we enjoy public support for our strike, how long could we sustain our strike, and how effective would it be? I ask you to think these questions over seriously.

First, you should be aware of the specific provisions of the contract that go into effect only upon ratification:

- The return to work of the fired workers. If we strike, those workers will be back on the street, with no arbitration and their only recourse will be to the NLRB, which takes years and years to make a decision and no guarantees it will go our way.
- The \$800 signing bonus will be lost.
- The first raise of 2.25% will be lost.

Next, let's talk first about health care.

None of us—least of all me—are happy about the decision to pay a share of health premiums. But you should know that the Bargaining Committee and the Local Presidents have been wrestling with the question of whether health care should be a strike issue for months. In January 2012, the two groups decided **unanimously** that our number one priorities were **job security and pensions for active employees**. However, at that point, I was not prepared to make any compromise offer on health care premiums at the bargaining table.

Then in early May, nearly six months ago, at another meeting of the Local Presidents and Bargaining Committee, we reached another unanimous decision on a "what if" proposal to the company, in which we offered to phase in modest payments for health care premiums in exchange for the company withdrawing a range of other retrogressive demands. **In the May 7th, 2012 Bargaining Report, we were upfront with our members about this decision. We had decided that our most important objectives were job security, pensions, disability benefits and retiree benefits.**

I do not believe that this company will *ever* settle a contract without some contribution towards the cost of premiums. The world has changed drastically since 1989, when it took us four months in the street to fend off premium contributions. At that time, most workers and most unions had free health care. As I mentioned earlier, virtually no one does today.

Besides, how much public sympathy would we have gotten during a strike once the public found out that three years from now, our members will be paying \$110 a month for family coverage and \$55 a month for individual coverage? The Con Ed workers in New York City—who were recently locked out for 26 days—will be paying \$94 a WEEK for health care by the time we're paying \$110 a month. Nationally, workers pay 28% of the cost of family coverage, and with the average cost of a family plan around \$15,000 a year, that works out to \$4200 a year. Our family

health care costs are \$32,000 a year—if we paid the same percentage as the typical U.S. worker, the cost would be \$8960—not the \$1320 we negotiated.

How about the issue of 401(k)s for new hires? Ask yourself, how long would you personally be willing to stay on the street to guarantee a defined benefit pension for workers who are not yet hired—and may never be? In fact, it's important to remember that the company has barely hired anyone new over the last decade. There's no army of new hires waiting outside Verizon's doors. But if some workers are in fact hired, we have negotiated an enhanced 401(k) plan that will give them a real opportunity to save for retirement.

No one wanted to give up a defined benefit pension for new hires. But we had to weigh that against the risk of 4, 5, or 6 months of lost pay for the 18,000 of you we represent right now.

And finally, would striking be the best strategy? At a time when the company is abandoning the copper business...at a time when the company could give a cell phone to any customer who had service problems during a strike...at a time when all of our call center work could be rerouted, permanently, at the flick of a switch, **your leadership decided that striking was a weapon we would use only as a last resort.**

If we had to defend the pensions of active members; if we had to defend the job security of the current workforce; if we had to ensure a decent wage increase; if we had to bring back the jobs of the fired workers—we were prepared to strike. In July, when it seemed like the company was preparing to go to impasse and shove those demands down our throat, we in fact began preparing for another strike.

But calling a strike is a decision no leader takes lightly. I felt that District 2-13 Vice President Ed Mooney and I held the responsibility for leading 34,000 CWA families into a long, long strike. Families—not just workers. Families with mortgages, rents, mouths to feed, and tuition to pay. At a time when working for the telephone company is one of the last good, family-supporting working class jobs left, we thought long and hard before putting those jobs at risk.

That's why we decided to go to federal mediation in a last-ditch effort to avoid a lengthy and potentially destructive strike. The possibility of conflict also brought our top-level political allies into the battle, and they pressured management to abandon its most extreme demands.

That's why we were willing to endure over 7 weeks of intensive mediation and negotiation, in an effort to get management to back off on huge issues like job security and gutting the pensions of current employees. These were demands that the company had not moved on for a year. When management did back off, and when wages and other significant improvements fell into place, your Bargaining Committee decided unanimously that we had won a good contract that protected the living standards and job security of our membership. Yes, we took a step back in certain areas. ***We had to bend in order not to break.*** But we believed that in balancing all the factors, going on strike over the remaining issues made no sense.

I urge you to vote Yes because this is a good contract, the best that could be negotiated, and because a strike could put at risk everything we have. This contract includes:

- An 8.2% compounded wage increase over the next three years.
- A signing bonus of \$800, and a minimum of \$700 in corporate profit sharing each of the next three years.
- The creation of an \$850 tax-free Health Reimbursement Account (HRA) that can offset new health care costs.

- The preservation of all of our no-layoff, no forced transfer, no downgrade language.
- The preservation of the restrictions on movement of work out of the region.
- The preservation of pensions for the current workforce, with no reductions.
- The unconditional return to work of all but one fired CWA member.
- The preservation of shift and weekend differentials that the company sought to eliminate.
- A “call-sharing” program among different call centers that guarantees us a percentage of work that we never previously had, with new penalties built into the agreement to provide additional job security provisions for those who are not covered under Job Security Letter.

Given what is going on at bargaining tables in industries across the country, I believe that this contract represents a tremendous victory against a giant corporation that was hell-bent on destroying us. Not only did they not break us, every one of our members will see an improvement in their standard of living over the life of the contract.

When we started bargaining in June 2011, we had the best contract in the telecom industry. I can tell you unequivocally, even though this contract may not be perfect, **it is still the best contract in the industry.** I am proud of what we accomplished at the bargaining table.

I really urge you to focus on this: It is easy to say “no.” It is easy to scream “sellout.” It is even easy to call a strike—if you do not take seriously the responsibility for what would happen to 34,000 CWA families during a lengthy strike.

I truly believe—and so did your Bargaining Committee—that if we did go out, most likely it would not have been for two or three weeks, maybe not even two or three months. We believed that if we walked, we had to be prepared for a strike that might have lasted longer than our 17-week strike in 1989, maybe six months or more. **In fact, going out might have been walking into a trap the company had set for us—giving them an opportunity to replace thousands of us and break our union.**

Finally, let me close by saying that the battle with Verizon is not over. We need to spend the next three years preparing to continue the fight to preserve unionized jobs in the communications industry. That is where the real battle for the future will be won or lost.

I think we made the tough, correct decisions. Ultimately, your vote will determine what happens. All I ask is that you look past the rhetoric and strong emotions, and weigh the factors that all of us on the Bargaining Committee weighed. I sincerely believe that if you do, you will vote Yes to ratify this contract.

Sincerely,



Chris Shelton
Vice President