

# Final Bargaining Report

## CWA-Verizon Common Issues



August 2008

For District 1 Units in the Northeast/New England

## Message from CWA Negotiators

**O**ur tentative agreement with Verizon achieved the major goals we set this year: to preserve fully paid health benefits for both active workers and retirees, to expand quality union jobs and to begin to “tear down the wall” between union and non-union sectors, and negotiate fair wage and pension improvements that reflect our vital role in Verizon’s success.

Even though we started bargaining earlier than ever this time, negotiations proved to be difficult. It was only through your sustained mobilization efforts — your rallies, informational pickets and workplace demonstrations, and your willingness to strike if necessary — that we were able to reach this settlement.

Also crucial to achieving the settlement was the Strategic Industries Fund program at Verizon that made possible the special steward and activist training and strategic campaigns that have been underway for the last year and a half. This bargaining round underscores the wisdom of convention

delegates in creating the SIF concept in 2006 as part of Ready for the Future.

Looking to the future, imagine how much greater our bargaining power would be at Verizon if we could bring bargaining rights to thousands of unorganized workers at non-union segments like Verizon Wireless, and to other unorganized workers across the telecom industry. In fact, there are some 60 million American workers who say they would join unions if they could without the intimidation employers use to thwart unionization.

The key to bringing these workers into our ranks, and building our bargaining clout, lies in passage of the Employee Free Choice Act. Please read the brochure on Employee Free Choice distributed with this Final Bargaining Report and sign the tear-off card to join the Million Member Mobilization. That’s a step you can take toward strengthening our hand the next time we bargain with Verizon.

### **Chris Shelton**

*Vice President  
CWA District 1*

### **New York/New England Bargaining Committee**

Dennis Trainor, District 1  
Elisa Riordan, District 1  
Steven Miller, District 1  
Joseph Connelly, Local 1101  
Angel Feliciano, Local 1101

Kim Young, Local 1104  
Gail Murcott, Local 1104  
Keith Edwards, Local 1105  
Anthony Caprara, Local 1107  
George Welker, Local 1108

John Dempsey, Local 1109  
James Suschinski, Local 1113  
Stephen Matro, Local 1123  
Cheryl Ahern, Local 1400

# Final Bargaining Report CWA-Verizon Common Issues August 2008

**T**he new three-year agreement will guarantee annual wage increases, continue to provide health care security for retirees as well as active employees, protect existing work and add new work and new members to coverage under the contract.

## Term of Contract

The three-year contract is effective August 3, 2008 and expires August 6, 2011.

## Wages and Other Compensation

### Guaranteed Annual Wage Increases

In August of each year of the contract, 2008 through 2010, base wages will be increased:

Effective 8/3/2008	.....	3.25 %
Effective 8/2/2009	.....	3.5 %
Effective 8/1/2010	.....	3.75 %

These increases will total 10.87% on a compounded basis over the three year agreement.

### Cost of Living Adjustment

A cost of living adjustment, effective August 1, 2010, will be made to base wage rates. The adjustment is as follows:

The change in CPI during the period May 2009 through May 2010, minus 3.75%, divided by two. Example: Change in CPI equals 4.25% over the one-year period.  $4.25\% - 3.75\% = 0.5\%$  divided by 2 = 0.25% additional increase in wages.

### Corporate Profit-Sharing

The Corporate Profit Sharing plan (CPS) is continued. There is no change in the formula. The minimum distribution amount continues at \$700 per year, paid in March of each year.

## Pension

### Pension Band Increases

Between October 1, 2008 and August 6, 2011 pension bands will increase 10.87% on a compounded basis. Annual pension band increases are as follows:

- 10/1/08: 3.25% pension band increase
- 10/1/09: 3.5% pension band increase
- 10/1/10: 3.75% pension band increase

### Lump Sum Cash-Out

The Lump Sum Cash-out option is maintained for the term of the agreement. No changes were made to the language under which the amount is calculated. The lump sum will continue to be calculated according to all three options, depending on which produces the largest amount: the GATT formula included in the Pension Plan on 8/2/03; the PBGC formula included in the Pension Plan on 8/2/03; and the formula using corporate bond rates under the Pension Protection Act of 2006 (or any other legally mandated interest rate and mortality table that might subsequently be enacted into the IRS Code) for the purpose of determining pension lump sum amounts.

Language is continued providing for a joint labor-management committee to be established to review and recommend alternative interest rate factors to be used in the event the 30-year Treasury Bond rate ceases to be published during the contract term.

Language offering beneficiaries options in the event that an employee or retiree dies before making an election about the form of pension payment is also continued.

### Savings and Security Plan

The Company agreed to add a Roth option to the Savings and Security (401K) Plan. This will allow employees to invest post-tax dollars in their savings plan accounts and later withdraw those assets and the investment returns they have generated without paying taxes on those returns.

## Health Plan Changes for Active Employees

### Health Care Premiums

There will be NO employee health care premiums.

### Plan Changes – New York/New England

#### MEP and MEP-PPO

January 1, 2009, MEP-Indemnity Plan and MEP-PPO combined to create improved plan with in-network coverage the same as the current MEP/PPO and out-of-network coverage the same as, or better than, current MEP. New plan will be administered by Empire Blue Cross/Blue Shield.

Routine well-baby and well-child care has been added to out-of-network (MEP).

\$15 co-pay or \$5 for Medicare eligible participants will apply for office visits, emergency room (waived if admitted) and urgent care center visits, and are excluded from out-of-pocket maximums.

Improved 2% coinsurance charge, no deductible required, will apply for in-hospital, out-of-network (MEP) services, including in-hospital physician visits, inpatient pre/post-natal maternity care, inpatient newborn baby care, second surgical opinions, inpatient surgery and anesthesia.

100% coverage for out-of-network (MEP) ambulance services and any length hospital stays.

Out of pocket expense maximums will be \$350 for 2009 and 2010; and \$400 for 2011.

#### HCN

Emergency room visits: \$15 co-pay or \$5 for Medicare eligible, waived if admitted

Eliminate requirement for referrals to specialists in Aetna plan (NY), and in other networks (NE), will eliminate if possible without additional cost to the Company

#### HMOs

Current coverage remains

### Prescription Drugs – New York/New England

	Current	2009-2011	Difference
Retail 30 days			
Generic	15% to \$25 max	15% to \$25 max	\$0
Single Source Brand	20% to \$40 max	25% to \$40 max	5% of DNP no change to max
Multi Source Brand	30% to \$50 max	35% to \$50 max	5% of DNP no change to max
Dispense as Written	20% to \$40 max	35% to \$50 max	15% of DNP \$10 at max
Mail Order 90 days			
Generic	\$8 or DNP	\$8 or DNP	\$0
Single Source Brand	\$12 or DNP	2009 \$15 or DNP 2010 \$20 or DNP 2011 \$25 or DNP	\$3 \$8 \$13
Multi Source Brand	\$20 or DNP	2009 \$20 or DNP 2010 \$25 or DNP 2011 \$30 or DNP	\$0 \$5 \$10
Dispense as Written	\$12 or DNP	2009 \$20 or DNP 2010 \$25 or DNP 2011 \$30 or DNP	\$8 \$13 \$18

### **Vision Plan**

The Plan will cover annual eye exams at no cost to the employee. Currently, eye exams are only covered once every two years.

### **Dental Plan**

No changes were made to the Dental Plan

## **Health Plan Changes for Retirees**

### **Retiree Health Benefits**

Retirees are subject to the same benefit provisions as negotiated for actives.

For the first time in a Verizon contract, the company has agreed that, in the future, it will negotiate with the union over the design of health plans for retirees in the same manner as it does for active employees.

### **No Contributions for Health Care for Current Retirees**

Company had sought premium contributions from retirees. Instead, the contract assures that the company will pay 100% of the cost of coverage for retirees through 2011.

The Company also sought contributions for employees who retire during the term of this agreement. The Company will pay 100% of the cost of coverage for these new retirees through 2011. We will be bargaining again before any possibility of payment by retirees.

### **Company Retiree Health Care Contributions**

Caps on company contributions toward retiree health benefits were lifted by nearly 50%, as shown in the table below. But in no event will any retiree be required to pay premiums during the term of the three-year agreement.

### **New Retiree Health Plan for Employees Hired after 8/2/2008**

New hires under this agreement will continue to receive a benefit for health care in retirement when they become retirees. Once they retire, however, rather than receiving coverage under a company sponsored plan, they will receive an annual payment with which they may purchase health care benefits from the Company or elsewhere.

For this contract period, such a retiree will receive \$430 for each of the next three years. This amount will be negotiated in future contracts. If it did not change, however, a new hired employee in 2009, retiring in 2039, would receive annual payments of \$430 times 30 years, or \$12,900, once he or she retires.

The parties have agreed that we will negotiate over this amount in future years, to reflect changes in health care cost trends and other relevant circumstances.

We will bargain nine more three year contracts before this ever occurs.

### **Retiree Life Insurance**

Company paid retiree life insurance will be frozen at one-times the wage level attained on 8/2/2008. This change will not affect life insurance for active employees or supplemental insurance purchased by active employees or retirees.

The minimum level of retiree life insurance will be \$20,000, which will not be reduced once the retiree reaches age 65. The retiree life insurance benefit for newly hired employees after 8/2/2008 will also be \$20,000, without reduction after age 65.

### **Supplemental Life Insurance**

As soon as changes can be put into place, all employees will be allowed to purchase up life insurance equal to as much as five times their salary. This level of benefit has not previously been available to all employees.

<b>Coverage Category</b>	<b>Pre-Medicare (Under 65)</b>	<b>Medicare Eligible (65 and older)</b>
Retiree	\$ 12,580	\$ 6,330
Retiree +1	\$ 25,160	\$12,660
Retiree and Family	\$ 31,450	\$18,990

## **Voluntary Termination Bonus**

During the term of the contract, employees who leave voluntarily pursuant to any Income Protection Plan (IPP) or Enhanced IPP offering are eligible for a lump sum payment of \$10,000. This payment is in addition to any IPP amount for which the employee is eligible. In addition, medical coverage for these employees will be extended for six months of medical coverage if they are not otherwise eligible for coverage.

## **Labor Mediation**

Certain suspension and termination grievances can now be heard in an expedited mediation process reducing the period of time members wait to have their cases heard.

## **Union Jobs**

The agreement creates some 2,500 permanent, quality union jobs including

- Bringing Verizon Business work under contract
- Providing exclusive assignment of Verizon Business small and medium size business customers to the bargaining unit.
- Adding Video Head End Technicians to the bargaining unit
- Adding to the bargaining unit customer service jobs now done by contractors
- Making nearly all temporary and term employees permanent

### **Verizon Business**

CWA and Verizon settled our grievance on the removing work from our bargaining unit. We brought back into our bargaining units Verizon Business Commercial and Technical work.

### **Verizon Business Commercial Work**

CWA members exclusively will be assigned to do all small and medium business account work for Verizon Business effective October 25, 2009. The equivalent of 200 full time equivalents performing commercial work that we currently do not perform will be assigned to existing bargaining units by October 23, 2010.

### **Verizon Business Technicians**

Effective December 28, 2008, nearly 600 Technicians will be hired by the core company to do Verizon Business work and will be able to join the union in two operations: Field Technicians and the Operations Support Centers. There will be three titles: Apprentice Technician, Technician, and Sr. Technician. This will be the first contract for these newly-hired core employees who will work under the plant contract with different provisions in some areas such as staffing, layoffs, scheduling, and Sunday work. Employees coming over from Verizon Business will receive most of the same benefits as bargaining unit members, including fully paid health care and pensions. They will also receive new hire retiree health insurance and life insurance. Verizon Business techs who were employed by MCI on Jan. 6, 2006 (the date Verizon acquired MCI) will receive credit back to that date for the purpose of determining the amount of the retiree health benefit.

### **Video Hub Technician Agreement**

Effective December 28, 2008, a new title Video Hub Technician will be created and populated by its employees. This is the first contract for these employees who will work under the plant contract with limited modifications. Contracting cannot lead to layoffs or part-timing. These active employees receive regular Verizon benefits including fully paid health care and pensions. They will receive new hire retiree health insurance and life insurance. Their start date with Verizon will be the start date for credits for retiree health care.

### **Reclassifications To Regular Full-Time**

Nearly all Temporary employees on the payroll as of August 3, 2008 will be reclassified to Regular Full Time.

### **Local Presence Centers**

The Company has agreed to staff existing and future FiOS Local Presence Centers in the New England area with Special Assistants in the CWA bargaining unit, offering represented employees the opportunity to fill positions previously filled with contractors.

### **Movement of Work**

Existing agreements that limit the Company's ability to transfer work will remain in place. The company cannot transfer any more than 0.7% of existing jobs to other areas.

### **Jobs Discussions Three Times Each Year**

A committee of CWA's District Vice Presidents for the Verizon East region, three elected bargaining committee members and IBEW representatives will meet with an equal number of decision-making managers, three times each year during this agreement to discuss the competitiveness of the industry, the future of union jobs, work flexibility, cost structure, productivity and growth. The discussions will include the Company's use of outsourcing.

### **New Contracting Initiatives**

The Companies and the Union agree that the New Contracting Initiatives letter, which was in effect during the term of the 2003 MOU, shall be updated as set forth in Attachment 2 and shall apply for the term of this 2008 MOU.

### **District 1 Issues**

In Accounting, new billing printing/mailing/remittance work was brought into the bargaining unit. Forced transfers were reversed.

Job Share employees in Live Source will receive an offer of Full Time work.

In TRG, 70 new COEI positions will be brought into the bargaining unit. Work completed temporary employees in the TRG Southboro warehouse will be returned to the payroll.

In Plant, 24 new Field Technicians will be added Upstate, Molding and Duct work trials will be conducted

In Commercial, a KIOSK trial, staffed with Representatives was established; collection work and marketing calls were brought into the bargaining unit.

## **Joint Commitment to Health Care Reform**

Verizon has agreed with CWA and the IBEW to join together to work for National Health Care Reform. The parties have agreed to a statement of principles including:

- Cover Everyone
- Control Costs
- Shared Responsibility
- Improve Quality

The Company will contribute \$2 million per year to this effort to support research and educational efforts. The Company and the Unions expect to work together and with other companies and unions in coalitions to promote reform.

## **Advisory Committee on Health Care ("ACHC")**

During the term of this 2008 MOU, the Companies agree to continue the ACHC, under the same terms that governed the ACHC under the 2003 MOU.

## **Regional Work/Family Committee**

Funding of \$4.95 million will continue for the life of the agreement with \$1.65 million allotted in August 2008, August 2009 and August 2010 and administered by the Committee.

# Help Build Our Bargaining Power...Sign Up for The Million Member Mobilization For Employee Free Choice

**O**ur bargaining power at Verizon and other employers would be so much stronger if the tens of thousands of unorganized workers who want to join a union could. It is unions that helped build America's middle class — that bargain for health care, pensions, good wages and working conditions. If the 60 million Americans who want to join a union, could, our ability to bargain improvements would be enhanced.

The key is winning passage of the Employee Free Choice Act next year after we elect a new president and Congress this fall. The Employee Free Choice Act will:

1. Strengthen penalties for companies that coerce or intimidate employees trying to form unions and bargain,
2. Establish mediation and binding arbitration when the employer and workers cannot agree on a first contract and
3. Enable employees to form unions when a majority signs authorization cards.

CWA and other unions have set the goal of gathering a million cards like the one below showing massive support for Employee Free Choice. Our congressional supporters will display these cards in the U.S. Capitol along with photos of thousands of union members when they introduce the Employee Free Choice Act early next year.

This is the first step to winning improvements in 2011 bargaining with Verizon.

**Please Sign Up Today and  
Turn this Card into CWA**



*(Tear off card)*

**We urge you to enact the Employee Free Choice Act — to save America's middle class, strengthen collective bargaining, and make the American Dream possible for millions of workers.**

PRINT NAME

LOCAL UNION

SIGNATURE

ADDRESS

CITY/STATE/ZIP

E-MAIL

HOME PHONE

CELL PHONE