

***united transportation union****BNSF Railway General Committee of Adjustment GO-245*

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June 3, 2011

**TO: UTU Local Chairmen, GO-245 (BNSF, former CBQ)**

**RE: 2011 UTU National Contract Proposal**

On June 2, 2011, UTU General Chairpersons representing those properties subject to the current round of national handling assembled in Cleveland, OH and were provided with a copy of the enclosed proposal and synopsis, along with a presentation by President Futhey and the UTU negotiating team. Following considerable discussion and questions and answers, the General Chairpersons entered Executive Session and voted unanimously to approve submitting the proposal to our members with a recommendation to ratify.

While the enclosed "Synopsis of UTU Tentative Agreement" provides a thorough overview of the proposal, I would like to personally relate portions of our discussion that could assist with your consideration. Attachment A of this communication is an abridged version of my "unofficial" notes taken during the presentation that I hope will serve to provide clarification. I also suggest that you continue to monitor all related press releases and posts on the UTU International's website at [www.utu.org](http://www.utu.org).

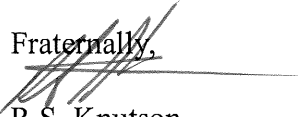
Of primary importance, all General Chairpersons will have until June 20, 2011, to submit questions regarding the proposal. These questions will be reviewed by the International and submitted to the NCCC for answers. All questions and answers that are jointly agreed to will thereafter become part of the agreement.

To accommodate this deadline, we ask that all questions from you or your members be forwarded to this office before the close of business on Wednesday, June 15, 2011. Our preferred handling would be for our members to initially provide their Local Chairman with any questions they wish considered and then forward them to this office. We will accept all forms of written documents, US Mail, fax, email, etc., as long as they are received by the earlier deadline.

Due to the fact that consideration of these questions may take an extended period of time and to provide opportunity for General Committee and International officers to conduct informational meetings throughout the country, no firm date has been set for the ratification deadline. It is, however, anticipated that the final document will likely be submitted to a vote of the general membership in August or September, 2011.

Looking forward to hearing from you, I remain,

Fraternally,

  
 R.S. Knutson  
 General Chairman

enclosures

**Attachment A**  
**(“Unofficial” Abridged Notes From Contract Proposal Discussion 6/2/11)**

**Article I, Wages:**

Provides for 17% General Wage Increase (GWI) over a 5-year period. Carrier is obligated to issue “back pay” within 60 days of the effective date of the agreement. To be eligible to receive back pay, an employee must have an employment relationship with the Carrier on the date of this agreement or retired or died subsequent to June 30, 2011.

**Article II, Cost-Of-Living Payments:**

This Article serves to terminate the COLA provisions contained in our previous national agreement as of June 30, 2011. However, the January 1, 2011 COLA increase will continue to apply to all rates of pay and will not serve to offset any of the GWI. The COLA increase presently scheduled to take effect on July 1, 2011 has been placed on “hold” pending ratification of this proposal.

**Article III, Health And Welfare:**

Our existing H&W plan will undergo several changes and I will leave this to the experts to explain at a later day.

A few that I will note at this time is a provision that the employee’s monthly cost-sharing contribution will be lowered to \$200 on January 1, 2012 and will remain at that level until July 16, 2016. In addition, most of the co-pays will be increased and those utilizing managed care will be subject to a \$200 (\$400 for family) yearly deductible and thereafter a 5% coinsurance with a yearly cap of \$1000 per individual and \$2000 per family.

**Article IV, Service Scale:**

All employees who have completed training for entry into train service and were subject on or after May 1, 2011, to compensation at a reduced rate pursuant to then-applicable service scale (entry rates) shall receive a one-time bonus. While the agreement identifies two separate bonus options, one for \$3000 and one \$1200, eligible employees on this property will receive the lesser amount. This is due to the fact that the \$3000 bonus only applies on properties where employees are subject to reduced earnings regardless of the craft they are working. On those properties where employees receive 100% while working as conductor, foreman, hostler, etc., as on this property, the one-time bonus will be \$1200 as provided for in Section 1(b) of the proposal.

In summary, if you have reached the 100% threshold as of April 30, 2011, you are not eligible for

this bonus. If you remain subject to reduced earnings as of May 1, 2011, you will continue to be subject to the existing service scale progression and receive the one-time bonus of \$1200.

Employees hired subsequent to the effective date of the agreement would be subject to service scale resulting in 100% after only 4 years.

#### **Article V, FRA Certification Allowance:**

Effective July 1, 2012, or the effective date of the FRA regulations establishing conductor certification requirements, whichever is later, employees will be afforded a \$5.00 certification allowance for each start on a position covered by a UTU agreement that requires the employee assigned to have a current FRA certification. This would include any time an employee works as a conductor, yard foreman, remote control operator or hostler.

#### **Article VI, Local Discussions:**

During negotiations, the Carriers displayed considerable interest in the UTU crafts adopting electronic bidding and bumping rules similar to the permanent bid. As this is a matter better suited for on-property handling, this Article provides that either party may serve a 30-day notice on the other party to *discuss* such changes. There is no provision that such discussion must result in an agreement nor that the matter can be required to be submitted to arbitration. It is simply a “no harm, no foul” provision that does not require the forfeiture of any existing displacement or movement rules if the parties do not reach an equitable agreement.

It does, however, contemplate that such discussions may include consideration of compensated leave, alternative compensation or compensation enhancement.

#### **Article VII, Probationary Period:**

This Article establishes an extended probationary period for new hire employees. All new employees that complete training after the effective date of this Article would be subject to having their application rejected by the Carrier for an additional 60 days following completion of the training program.

#### **Article VIII, General Provisions:**

Simply boiler plate language identical to previous agreements wherein declaring an end to this round of bargaining and establishing a new threshold for the serving of subsequent Section 6 notices regarding such matters.

## Synopsis of UTU Tentative Agreement

### Article I - Wages

#### General wage increases:

July 1, 2010 - 2%  
 July 1, 2011 - 2.5%  
 July 1, 2012 - 3%  
 July 1, 2013 - 3%  
 July 1, 2014 - 3.5%  
 January 1, 2015 - 3%

### Article II - Cost-of-Living Payments

Elimination of COLA payments effective June 30, 2011 (COLA paid on Jan. 1, 2011 retained as part of daily rate of pay)

### Article III - Health and Welfare

<u>Plan Design Changes For MMCP In-Network Benefits</u>	<u>Previous Plan Benefit</u>
Emergency Room co-pay \$75	\$25
Urgent Care co-pay \$20	\$25
Annual Deductible \$200/\$400	\$0
Co-Insurance 95/5	
After deductible	\$0
Out-of-pocket Max \$1000/\$2000	\$0
Convenient Clinic co-pay \$10 (in-network only - agreement on range of covered services)	\$20 - PCP Office visit co-pay
Medical Management Plan:	
<ul style="list-style-type: none"> <li>• Radiology notification (initially applicable to UHC, but to be expanded where/when appropriate to Aetna and BCBS)</li> <li>• Cancer, Bariatric and Kidney Resource services (expansion of Centers of Excellence for best outcomes)</li> <li>• Treatment Decision Support</li> </ul>	New (Member held harmless - physician requirement) New / Expanded  New
(This applies to both MMCP and CHCB - voluntary programs - participation in programs without co-payment co-insurance by member)	
Prescription Drug Benefit	
Retail \$5/25/45	\$10/20/30
Home Delivery (mail) \$5/50/90	\$20/30/60
Prescription Drug Rules (also applies to ERMA - GA-46000 - for retirees after January 1, 2012)	

- Prior Authorization Program (with a 5-day temporary override) for specific therapeutic drug categories
- Step Therapy and Quantity/Duration Limits Program for specific therapeutic drug categories
- Personalized Medicine and Generic Rx Advantage Programs
- Process established to add rules recommended by Pharmacy Benefit Manager (Medco) by mutual agreement

New

New / Expanded

New - Voluntary Programs with no cost to member

New

Monthly Employee Contributions.

Projected Amounts \*

January 1, 2010 - \$200.00  
 January 1, 2011 - \$202.90  
 January 1, 2012 - \$200.00  
 January 1, 2013 - \$200.00  
 January 1, 2014 - \$200.00  
 January 1, 2015 - \$200.00  
 July 1, 2016 - \$230.00

\$200.00  
 July 1, 2011 - \$229.96 \*  
 \$242.68 \*  
 \$266.95 \*  
 \$293.64 \*  
 \$323.01 \*  
 \$355.31 \*

Side Letter #7 of July 1, 2008 National Agreement is rescinded

"Hillary Care" letter.

Article IV - Service Scale

Sec. 1 - \$3000 bonus payable to those employees subject to the current Service Scale rule or similar local agreement.

\$1200 bonus payable to those employees subject to modified service scale rules or compensated at 100% of rate when working in promoted status.

To be paid within 90 days after date of Agreement.

Sec. 2 - New Employees  
 75% - 1<sup>st</sup> year  
 80% - 2<sup>nd</sup> year  
 85% - 3<sup>rd</sup> year  
 90% - 4<sup>th</sup> year  
 100% - after 4<sup>th</sup> year

"Step-up" upon promotion is maintained in accordance with past rule application.

Preserves existing service scale rules without change unless the UTU representative gives written notice to the Carrier to apply this in lieu of such existing rules within 15 days after date of this agreement.

## Article V - FRA Certification Allowance

Effective July 1, 2012, or the date of FRA regulations for such, employees to be paid \$5.00 certification allowance for each start on a position requiring FRA certification.

## Article VI - Local Discussions

- Alternative compensation
- Compensated leave
- Compensation enhancement
- Electronic bidding and bumping

30 day written notice by either party to commence discussions.

## Article VII - Probationary Period

Amends Article VII, Section 1 of the August 25, 1978 National Agreement by establishing a 60 day period after completion of training and protection of the first tour of compensated service in which the individuals application for employment may be rejected.

## Article VIII - General Provisions

Standard Moratorium - parties free to serve formal Section 6 Notices on or after November 1, 2014, not to become effective prior to January 1, 2015.

## Side Letters -

#1 - Retroactive wage adjustment to be paid within 60 days of date of agreement.

#2 - Retroactive wage adjustment applicable to employees who have an employment relationship on the date of agreement or who retired or died subsequent to June 30, 2010.

#3 - Understanding to consider additional prescription drug management rules, as may be recommended, subject to acceptance and approval by the Plan's Governing Committee.

#4 - Service Scale one-time bonus payable to employees with an employment relationship on the date of the agreement or who retired or died subsequent to May 1, 2011.

One-time bonus not payable to employees subject to compensation at full (100%) rate when promoted to conductor/foreman or upon completion of a two-year or less rate progression, whichever is earlier.

#5 - Understanding to suspend the July 1, 2011 COLA payment and corresponding H&W monthly contribution adjustment pending the ratification process.

#6 - Understanding that the January 1, 2015 wage adjustment (Article 1, Section 6) was intended to constitute a complete resolution of the compensation adjustment issue for the 2015 calendar year in the event that the disposition of the 2015 Bargaining Notices are referred to any third party.

Exhibit B - Identifies the process of the Radiology Notification Support, Centers of Excellence Resource Services and the Treatment Decision Support provisions.

Exhibit C - Identifies the therapeutic drug categories included in Coverage Authorization and Step Therapy Programs.

Addendum 1 - Questions and Answers pertaining to the FRA Certification Allowance provisions.

Appendix 1 - Rate Tables

Specific Yardmaster Provisions

Article IV - Supplemental Sickness

Restoration of ratio of benefits to rates of pay as existed on December 31, 2009 under terms of the July 1, 2008 National Agreement.

Monthly benefits for employees eligible to receive RUIA sickness benefits will be \$1941.00 and for those who have exhausted their RUIA sickness benefits will be \$3333.00.

Monthly benefits adjusted should the RUIA daily benefits be increased.

Article VI - Special Wage Adjustment

Effective June 30, 2011 all standard basic daily and monthly rates increased by 12.5 cents per hour.

### Chronology of defined monthly employee H&W contribution amounts

H&W Monthly Payment Rate (Medical - Dental - Vision)		Employee Contribution	
11/1/03	\$935.76	\$119.61	(Flat Amount)
7/1/04	\$988.88	\$100.00	(Flat Amount)
7/1/05	\$1001.25	\$106.11	(Determined by COLA adj.)
1/1/06	\$1058.88	\$131.96	(Determined by COLA adj.)
1/1/07	\$1155.50	\$166.25	(15%)
1/1/08	\$1132.49	\$166.25	(15%)
1/1/09	\$1178.68	\$170.96	(15%)
1/1/10	\$1373.45	\$200.00	(Lesser of 15% or \$200.00)
1/1/11	\$1470.78	\$202.90	(Based on COLA adj.)
7/1/11	\$1470.78	\$229.96	(If COLA adj. paid)
1/1/12	\$1617.86 (10% increase)	\$200.00	(\$242.68)
1/1/13	\$1779.65 (10% increase)	\$200.00	(\$266.95)
1/1/14	\$1957.61 (10% increase)	\$200.00	(\$293.64)
1/1/15	\$2153.37 (10% increase)	\$200.00	(\$323.01)
7/1/16	\$2368.71 (10% increase)	\$230.00	(\$355.31)

Note - the H&W Payment rates above are the Monthly payment rates and not limited to the Foreign-to-Occupation (FO) monthly costs on which the contributions are based.

Therefore, the amounts in this column will not equal the 15%, but are approximate.

See the formula in the National Agreements.



**July 1, 2011 Employee Contribution Calculation**  
 UTU

Prepared May 24, 2011

**I. 50% of Increase in Monthly Payment Rate**

	<u>NHRFO</u>	<u>Opt Out</u>	<u>Composite</u>
A. 2011	\$1,363.75	\$100.00	\$1,343.27
B. 2010	\$1,261.11	\$100.00	\$1,243.26
C. Increase (A. - B.)	\$102.64	\$0.00	\$100.01
D. 50% of Increase	\$51.32	\$0.00	\$50.01

**II. 50% of COLA Calculation for UTU**

A. July 1, 2011 COLA	\$0.28
B. 2009 ASTE Hours	2319
C. Annual COLA (A. times B.)	\$649.32
D. Monthly COLA (C. / 12)	\$54.11
E. 50% of D.	\$27.06
F. 1/1/2011 monthly contribution	\$202.90
G. 7/1/2011 monthly contribution	\$229.96
H. Carryover as of 7/1/2011	\$20.05

QE counts used for compositing

	<u>Enrolled</u>	<u>Opt Out</u>
2011	137,334	2,262
2010	137,220	2,142

Counts are from UHC, as estimated in 2011 and 2010 renewals.