

CWA District 1 NY/NE

May 29, 2016



39,000 CWA and IBEW members struck Verizon on April 13th because after 10 months at the bargaining table, management had totally refused to address the most important issues for our members. These issues included, most importantly, job security, limiting contracting out of both plant and customer service work, closing of call centers, preserving the Force Adjustment plan, protecting pensions and retiree health care, limiting the company's ability to transfer us away from our families, abusive supervisory practices, and finally, winning a first contract for retail workers at Verizon Wireless.

The company believed they could win our cooperation on limiting health care costs—AND shove the rest of their demands down our throats at the same time.

The unity and determination of our members for 6 ½ weeks on the street—in the great tradition of 1971 and 1989—proved that management was wrong. Our members stood up and fought back, and turned back virtually every concession that remained on the table when we went on strike on April 13th. Most important, we preserved our job security language, kept call centers open, increased the amount of call center work performed by union members across the footprint, reversed plant contracting initiatives, protected our pensions,

gained 1500 new union jobs, AND won a fair first contract for the Verizon Wireless workers.

What follows is a detailed bargaining report. As you read it, you should be proud of what you and your fellow members accomplished for yourselves, and for the entire labor movement, over the last seven weeks. You proved that when working people stand together and fight back, they can win.

Summary of Tentative Agreement

Duration of Contract:

The terms of the contract will become effective upon ratification and will remain in effect until 11:59pm on August 3, 2019.

1. Wages and Other Compensation

The combined 4-year wage increase will result in a compounded 10.9% base wage increase by the end of the contract. Within 30-days of ratification, a bonus of \$1,000 will add to wage gains. An HRA of \$250 and the corporate profit sharing plan will also bolster income.

a. General Wage Increase. The increases listed below are applied to all steps in the basic wage schedules on the date indicated:

- 2016, First Sunday after Ratification – 3.0%
- Subsequent increases will occur on the first Sunday following the anniversary of ratification:
 - 2017, 2.5%
 - 2018, 2.5%
 - 2019, 2.5%
 - Compounded increase: 10.9%

b. Ratification Bonus.

- \$1,000 will be paid within 30 days of ratification.

c. Corporate Profit Sharing

- The CPS program is preserved – the company will award corporate profit sharing distributions in each year of the contract, with the minimum distribution of \$700 each year.

d. Health Reimbursement Account (HRA)

- \$250 will be contributed to eligible member's HRA accounts on September 1, 2016.

- These funds must be used by December 31, 2018.
- Members who opted out of medical coverage are not eligible and will be issued a \$250 bonus by October 1, 2016.

2. Pensions and Retirement Security

At the onset of bargaining, management wanted to force members to choose between a pension plan or a 401(k) and demanded to freeze pension accruals at 30 years of service, which would have decimated pension benefits of long-service employees. We successfully beat back that demand, preserving the pension for all current plan participants and even boosting pension bands.

a. Pension Plan Protected

- The pension will retain the lump sum cash out provisions based on the mortality tables in effect on the date of ratification.
- Pension bands will be increased 1% in 2016, 2017 and 2018.
- If a non-married vested participant dies prior to retirement without having a designated pension beneficiary, the pension plan will pay a lump sum benefit to the estate of the deceased participant.

b. Savings and Security Plan (401(k) Plan)

- Member maximum contribution levels are increased from 16% to 25% of wages.

3. Preserving Job Security and Growing Jobs

CWA members went on strike for 48 days to protest management's demands to strip our contract of job security protections. Management wanted to get rid of limits on contracting, gain "flexibility" to transfer workers to different states for months at a time, and to shift additional work to outside and offshore contractors. During the course of the strike, workers in the Philippines reached out to CWA to report on the poor wages and working conditions in call centers there. The agreement preserves job protections won in past contracts and even provides for more jobs, despite management's original intent to strip all protections from the contract.

a. Poles

- Contracting out of pole maintenance work will be stopped. Management will add 20 crews to do pole work.
- Commitment to cut the backlog of 60,000 double poles by 50% over 3 years.

b. More Call Center Jobs

- Verizon will hire 1,300 new full-time call center employees during the term of the contract, 850 in the MidAtlantic region

and 450 in NYNE.

- In the NYNE region, 275 Sales and Service, 175 Tech Support.

c. Job Security Provisions Protected

- All existing job security provisions, including no involuntary layoff, forced transfer, and downgrade, were maintained.
- Due to the company outsourcing logistics work, we were able to obtain additional job security provisions for those workers in NY.

d. VZB Techs

- In addition, we expanded the geography for surplus declarations from work group/locations to Article 8 units.
- In the event of a surplus that could lead to layoff, employees who leave the payroll will have an additional option to receive the Enhanced Income Protection Payment (EIPP)

4. Health Care Changes for Active Workers

Our goal in bargaining, as always, is to ensure that members are financially better off at the end of the contract than they were at the beginning. For health care, this meant protecting members from excessive cost shifting and instead finding savings through increased plan efficiency.

Although the contract contains new health care costs for members, keeping up with the overall increase in health care costs, there are improvements as well, such as a new class of “preferred” brand drugs with lower cost sharing and a \$250 company contribution to a health reimbursement account. We also successfully rolled back the company’s demands to drop the EPO plan and end Class II and Sponsored Child eligibility.

Overall the wage increases in this agreement more than pay for new costs under the health plan, meaning that employees will gain ground in their living standard as a result.

a. Contributions

The tentative agreement increases monthly premium contributions for all medical plans (HCN, MEP, EPO and HMOs).

	MEP & HCN		EPO, HMOs and Other Plans (contributions will be not greater than the following)	
	Employee	Employee + Family	Employee	Employee + Family
Aug 2016	\$76	\$152	\$114	\$228
2017	\$88	\$176	\$132	\$264

2018	\$102	\$204	\$153	\$306
2019	\$110	\$220	\$165	\$330

The \$50 monthly tobacco fee and \$100 health risk assessment credits are unchanged.

b. MEP & HCN Plan Design Changes

Changes were made to the design of the health care plans, as follows. 2016 plan design changes will go into effect in August.

	MEP		HCN	
	In Network	Out of Network	In Network	Out of Network
Annual Deductible: MEP deductible applies to OOPM; HCN deductible does apply to OOPM.				
Individual	2016: \$525 2017: \$575 2018: \$625 2019: \$670	2016: \$775 2017: \$825 2018: \$900 2019: \$960	2016: \$250 2017: \$275 2018: \$325 2019: \$345	2016: \$775 2017: \$825 2018: \$900 2019: \$960
Family	2.5x	2.5x	2.5x	2.5x
Out-of-Pocket Maximum (OOPM)				
Individual	2016: \$1,400 2017: \$1,550 2018: \$1,700 2019: \$1,815	2016: \$2,300 2017: \$2,600 2018: \$2,800 2019: \$2,990	2016: \$1,400 2017: \$1,550 2018: \$1,700 2019: \$1,815	2016: \$2,300 2017: \$2,600 2018: \$2,800 2019: \$2,990
Family	2.5x	2.5x	2.5x	2.5x
Coinsurance	10%	40%	10%	40%
Copays				
Primary Care Office Visits	\$20	Coinsurance, after Deductible	\$20	Coinsurance, after Deductible
Specialist Office Visits	\$25	Coinsurance, after Deductible	\$30	Coinsurance, after Deductible
Emergency Room Visits	2016: \$100 2017: \$110 2018: \$120 2019: \$130	Coinsurance, after Deductible	2016: \$100 2017: \$110 2018: \$120 2019: \$130	Coinsurance, after Deductible
Chiropractor Services	No Change	\$60 maximum per visit	No Change	No Change
Maximum Allowed Amount (MAA)	Does not Apply	240% of national Medicare fee schedule	Does not Apply	240% of national Medicare fee schedule

c. HMO and EPO Plan Changes

- EPO Option preserved for currently enrolled employees
- Copays for specialist visits will be no greater than \$30 beginning July 2016.
- Copays for emergency room visits will be no greater than the following

amounts.

ER Copays	
2016	\$100
2017	\$110
2018	\$120
2019	\$130

d. Prescription Drug Program

- **New Brand Drug Formulary:** After ratification, certain brand drugs in each treatment category will be designated as “preferred” by Express Scripts and subject to a lower copay. This “preferred” drug list will give Express Scripts leverage to bargain with the pharmaceutical companies for lower prices. Members taking “non-preferred” drugs will be notified of the savings available from switching to a preferred alternative approved to treat the same condition.
- **Compound Drug Pre-Authorization:** Certain pharmacies offer the service of altering the active ingredients of prescribed medications into new forms. Examples include removing dyes for allergic patients or putting the drug into a cream or lozenge form for patients that can’t swallow pills. These services often increase the cost of the drug substantially. Pre-authorization will now be required before the plan will cover a prescription filled as a compound. This will require the prescribing doctor to verify that the compound form is medically necessary. An appeals process will be established for any patient denied coverage for a compound drug.

	Deductible	Generic	Preferred Brand	Non-Preferred Brand	Brand w/ Generic Alternative
In-Network (30 day)	None	100% of Discounted Network Price (DNP), Max: 2016-18: \$10 2019: \$10.40	20% of DNP, Max: 2016-17: \$30 2018: \$31.80 2019: \$33.71	30% of DNP, Max: 2016-17: \$50 2018: \$53 2019: \$56.18	Generic copay amount plus 100% of cost difference between generic and brand
Out-of-Network (30 day)	\$50	30% of DNP plus 100% of the cost difference between retail and DNP	40% of DNP plus 100% of cost difference between retail and DNP		
Mail Order (90 day)	None	100% of DNP, Max: 2016 – 18: \$20 2019: \$20.80	20% of DNP, Max: 2016-17: \$60 2018: \$63.60 2019: \$67.42	30% of DNP, Max: 2016-17: \$100 2018: \$106 2019: \$112.36	

5. Retiree Health Benefits

a. Retirees with a Net Credited Service Date on or after August 3, 2008.

Annual benefit towards coverage in retirement will continue at \$480 for each year of Net Credited Service (up to 30 years).

b. Retirees with Net Credited Service before August 3, 2008

i. Medicare-eligible Retirees

- Beginning 2017, Medicare-eligible retirees currently covered by the MEP PPO or HCN plans will be enrolled into new Medicare Advantage plans.
- Unlike traditional Medicare and the Verizon supplemental plan, the Medicare Advantage plan will provide full coverage under one card and one administrator.
- Deductibles under Medicare Advantage MEP/PPO plan will decrease between \$4 and \$33 annually depending on retirement date. There will be no deductible for the Medicare Advantage HCN plan.
- Plan designs are the same as the current Medicare Plans except the carryover deductible will not apply and a \$15 specialist copay in the MEP plan.
- All doctors that accept Medicare will be covered as in-network.
- The Company and Union will work together to educate retirees about this change and ensure a smooth transition with a communications and outreach program funded by the company.
- There will be no premium contributions for covered retirees enrolled in Medicare Advantage programs.

ii. Pre-Medicare Retirees

- Post January 1, 2013 Pre-Medicare retirees will have their premium contributions frozen at the 2016 level for the life of this contract and are subject to any additional contributions as a result of piercing the caps on the company's contribution for retiree health care.

Over the term of the contract the following terms will apply to Pre-Medicare retirees enrolled in the MEP PPO plan or HCN plan:

2016

- Pre-Medicare retirees enrolled in the MEP plan who are currently paying premium contributions as a result of piercing the caps on the company's contribution for retiree health care will not be required to pay premium contributions when the new plan goes into effect.

2017

- Pre-Medicare retirees who enroll in either the MEP plan or the HCN plan will be required to pay contributions in excess of the caps on the company's contributions towards retiree health care, if any.
- The HCN plan is currently projected not to exceed the caps on the company's contributions towards retiree health care.
- The Union and the Company will negotiate a "new" plan option that will not exceed the caps on the company's contributions for retiree health care.

2018

- Pre-Medicare retirees will have three options:
 - (1) Enroll in the MEP and be required to pay premium contributions equal to the amount in excess of the caps on the company's contributions toward retiree health care
 - (2) Enroll in the "new" plan that will be negotiated in 2017 that will not exceed the caps on the company's contribution toward retiree health care which replaces the HCN option.
 - (3) Elect to receive an HRA in the amount of the caps on the company's contribution to health care which will be \$15,447 for retiree coverage, \$30,893 for retiree + 1 coverage, and \$38,639 for family coverage. The retiree then will purchase health insurance on the open market. Any excess funds in the HRA after purchasing a plan can be used for health care expenses incurred during that calendar year (ex. copays, deductible, etc.).

2019

- Pre-Medicare retirees will have the same options that were available in 2018 except that the union has the right to bargain the "new" plan design on a yearly basis to keep the cost of the plan below the caps on the company's contribution toward retiree health care.

When you become eligible for Medicare you will be transitioned back into Verizon's Medicare Advantage plans.

6. Provisions for Call Center Workers

From the start, the Company demanded major changes in work rules that would affect call center workers. At the end of the day, we were able to hold onto important protections that assure good working conditions in the centers, and to make some innovative agreements to keep and grow jobs in-region.

Call Sharing among Centers

- Improvements were made to the Call Sharing agreement: Sales and Service Centers (Customer Sales and Service Centers (CSSC), Business Sales and Billing Centers (BSSC), Multilingual Sales and Service Centers (MSSC), and

Verizon Center for Customers with Disabilities (VCCD)) shall handle at least 83% of all calls originating in the NYNE footprint. Tech Support Centers (Enhanced Verizon Resolution Center (EVRC) and Fiber Solution Centers (FSC)) shall handle at least 68% of all calls originating in the NYNE footprint. This increases the percentage of the work that we were guaranteed in the last contract.

- Job security protections will be extended to all call center workers through June of 2017. Thereafter, those protections will be extended if the company does not meet the agreed percentages in the call share agreement.
- There will be no cross-functional duties added in 2016 for representatives in Sales and Service Centers and Tech Support Centers. Beginning in 2017, the company may only add two additional duties per year.
- The Company may transfer a like center call to a non like center prior to a contractor.
- NCI letter for CFS was modified to allow call sharing between NY and NE.
- The company will train all Customer Service Administrators (CSAs) to become Fiber Customer Support Analysts (FCSAs) during the life of the contract.
- Letter of Agreement on Sales Incentive and Tech Support establishes a high level committee to address workplace stress in our sales centers.

7. Other Benefits

- a. **Family Care Leave** – A minimum duration of three-days will be required to receive the Family Care Leave benefit.
- b. **Tuition Assistance Plan** – We retained the \$8,000 cap for tuition assistance. There were 23 additions to the excluded studies list.
- c. **Eligibility for Benefits**
 - i. The Supreme Court has ruled that same-sex marriages are legal. Therefore the language previously included in the collective bargaining agreement will be modified to provide benefits only to legally married same-sex domestic partner effective January 1, 2017.
 - ii. In addition, we secured the right for new hires to be covered by the health benefit plans immediately upon employment rather than waiting 90 days.
- d. **Work Family Fund** – \$5.6 million in funding for the CWA-IBEW 2213 Work Family Fund.

8. Special EIPP Offer

The company is permitted to make special EIPP offers to members (limited to once per year). The following additional benefits include:

- a. One supplemental voluntary termination bonus of \$40,000

- b. Raising of the caps on EIPP payments from 30 years Net Credited Service to 40 years Net Credited Service.
- c. Waiver of age-based pension reductions for early commencement of retirement.
- d. Acceleration of the next scheduled pension band increase.
- e. Volunteers who leave on a later date than the initial off-payroll date, will receive the most favorable lump sum calculation based on either the earliest or actual off-payroll date.
- f. The Company will honor off-payroll date requests by seniority when possible.
- g. For a period of 12 months the company will not permanently force transfer or temporarily transfer members into the job title in the FAA to which a member who accepted the Special EIPP was assigned. This excludes temporary transfers for emergencies.

9. QARs/Workplace Stress

The company agreed to terminate a performance supervisory program (known as QARS) in effect in the five boroughs of New York City that workers found extremely abusive, and both parties will work with an outside consultant to develop a non-punitive program. This was a major issue for NYC based technicians.

10. First Contract Achieved for Verizon Wireless Retail Workers in Brooklyn and Everett, Massachusetts.

11. Company Withdrawals -- Since the time we went on strike because of the Company's last best and final offer, the following regressive company demands have been withdrawn:

- a. Job security provisions
- b. Force adjustment plan
- c. Temporary transfers across state lines
- d. Sunday tours
- e. Article 8
- f. Pension capped at 30 years
- g. Class II dependents
- h. Disclaimer for EIPP
- i. Changes to Sickness and Accident Disability Plan
- j. Contracting of poles
- k. Contracting of Inbound demand center work
- l. Contracting of FNT, FCSA work
- m. Closing 16 call centers in NY, NE, and Mid-Atlantic. This was reduced to 2 with minimal disruption.
- n. Language about state and municipal paid leave laws
- o. Tuition Assistance only for job-related studies