



On The Move

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2024 Contract Negotiations to Begin in April

TWU, Local 234's negotiating team and representatives of SEPTA will return to the bargaining table in April to begin negotiating new contracts for the City, Frontier and Suburban Divisions of the Authority. As we anticipated, two important pieces fell into place since we ratified the 2023 contract in November.

First, SEPTA's anti-union Board Chairman Republican Pat Deon vacated the position in January which is now in the hands of Democrat Kenneth Lawrence. Second, in his February budget address, Governor Shapiro announced plans to increase and stabilize funding for public transit in Pennsylvania. While a transit funding bill has yet to pass the legislature, these developments undoubtedly improve the Union's bargaining position.

The Local will be working to address unfinished business from the priorities set by the members in the 2023 negotiations, including solid wage increases over a three-year agreement, increases in monthly pension payments, enhancements to health and medical benefits, limitations on the introduction of driverless vehicles, and performing vehicle/equipment warranty and maintenance work in-house. We will also seek a "Drop" pension option that gives senior members the chance to stay on the job and receive a substantial sum of deferred retirement benefits when they leave. It also enables SEPTA to retain employees past their normal retirement date.

Although the expiration of the 2023 contract is months away, it's never too early to get ready and to remember that the key to successful labor negotiations is unified and determined union members willing to fight for a good contract, while the example of unity and determination is set at the top. Local 234 will not allow ambition and ego get in the way of our unity during this critical round of negotiations.

What is DROP?

Drop is short for a "Deferred Retirement Option Plan." Under the DROP option, members entitled to retire at 30 years of service or at age 62, can enter the DROP program for up to four years, or less.

Upon entry into DROP, your monthly retirement benefit is fixed, and that deferred amount goes into an account for each month during which you're in DROP. Meanwhile, you continue to work but stop contributing to the pension plan. At the conclusion of your time in DROP, you receive a lump sum payout---your deferred retirement benefit, plus interest---and you start receiving your monthly pension benefit. **You must retire at the end of your time in DROP.**

Here are some examples. You enter the DROP program with 30 years of service and a retirement benefit of \$3,000 per month. You continue to work but stop paying into the pension

plan. Your \$3,000 monthly pension benefit is deferred and placed into an account. After four years, you receive your monthly retirement benefit, plus a lump sum payout of \$148,320, based on an interest rate of 3%.

If your deferred pension benefit is \$3,000 a month and you are in the DROP program for three years, you'll receive a lump sum payout of \$111,240 (at 3% interest) upon leaving DROP plus your monthly retirement benefit.

As you can see, the DROP program is a *savings plan* based on *deferring* your pension benefits, after which you receive a sizable sum at the start of your retirement.

Arbitration over subletting camera maintenance work scheduled

On January 31, the Union filed a grievance over the subletting of camera maintenance work on SEPTA's buses and trains. The grievance followed the guilty pleas of former SEPTA manager James Stevens and former Spector Logistics executive Robert Welsh in a bribery and extortion case involving the subletting of camera maintenance work to Spector Logistics in 2014.

In 2018, Gatekeeper took over the Spector camera maintenance contract, but Gatekeeper played no role in Stevens' and or Welsh's crimes and the Union's grievance does not suggest any wrongdoing on Gatekeeper's part.

The evidence of fraud in the contracting process shows that SEPTA breached its obligation to engage in good faith discussions with the Union over its decisions to sublet the camera maintenance work as required by Section 431(a) of the labor agreement.

The case is scheduled for arbitration on May 21, 2024.

SEPTA managers missing in action

In order to populate downtown Philadelphia during the day, bringing life back to the city and giving SEPTA ridership a much-needed boost, Mayor Parker is requiring City Administrators to return to work in person. Meanwhile, the Authority's top brass continues to allow SEPTA Administrators to work (lounge around) at home in the suburbs. This is nothing short of a scandal.

How can top SEPTA brass expect others to get on a train or a bus and come to work in the city, if public transit administrators refuse to do the same? Are the bosses scared to take public transit to work? Are the bosses trying to reap a windfall by not paying city wage taxes? SEPTA's stay at home policy is undermining the recovery of ridership while causing delays and problems in the administration of TWU Union benefits.

Take the 5% pension hike for example. This benefit should have started for employees who retired in December. Yet here we are in March and the 5% increase has still not taken effect. While everyone will get paid in full, they should have received the increase by now. Another example is the 2023 contract books. In November, the Union updated the contract language and sent drafts over to labor relations. The drafts were approved by SEPTA, but we still don't have the new contract books. This is a disgrace.

It's time to get 1234 Market Street back on track, before the entire operation derails.