

B M W E JOURNAL

Brotherhood of Maintenance of Way Employees

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BMWE National Agreement and TCU Arbitrated Agreement – Compared

On January 23, 2003, Arbitrator Robert O. Harris issued a final and binding decision settling the TCU's Section 6 Notices served in November 1999. The Harris Award is significant because it is only the second complete settlement (wages, health & welfare and rules) of the Section 6 Notices served by all the

Unions on the nation's freight railroads in November 1999. The Award is doubly significant because TCU and the Carriers agreed to arbitrate only two issues – wages and health and welfare – a result which parallels the BMWE-NCCC negotiated agreement of May 31, 2001. The Harris Award is reproduced in its entirety below.

While the Harris Award concerns the same subjects as the BMWE's agreement, it utilizes percentage wage increases and defined health insurance cost sharing rather than the inflation based cost of living adjustment (COLA) and wage offsets used in the BMWE agreement. Additionally, the TCU agreed that it would not seek the health insurance improvements obtained in the BMWE agreement (hearing benefits, improvements in the vision plan, etc.) Instead, TCU agreed to benefit changes in an attempt to reduce the cost of the health insurance. The significant benefit changes include: 1) accepting the BMWE agreement's co-pays for prescription drugs – without obtaining the plan improvements we "purchased" with those increased co-payments; and 2) a reduction in the comprehensive reimbursement rate from 85/15 to 75/25 if the covered employee could enroll in a managed care network. Therefore, a comparison of the relative value of each settlement cannot be determined easily by lining the two agreements up side by side because both the wage packages and the health benefit packages are different.

insurance benefits are more generous than those in the TCU settlement, but are hard to quantify on an individual basis. Also, he noted that the Carriers' valued the TCU health insurance concessions at \$472 per member over the term of the agreement. He concluded that "no matter how [these benefits] are accounted for in the comparative analysis, these design changes inevitably **increase** the BMWE advantage."

Terminal Value

Mr. Roth concedes that "under any reasonable scenario, the TCU Award provides for greater terminal value." The projected difference in terminal value (the hourly rates of employees) is between 54 and 65 cents per hour in favor of the TCU member. Mr. Roth determined that figure by taking the gross difference of \$1.12 per hour and then backing out the \$100 monthly contribution each TCU member will make beginning in July 2004 and going forward. While the TCU settlement provides a greater terminal value, that greater value will not erase the BMWE agreement's total cash advantage, on average, for another 11 and one half months after the amendable date of the May 31, 2001 Agreement, which is December 15, 2005. Obviously, this difference must be and will be addressed in the next round of collective bargaining.

Form of Wage and Health Insurance Adjustments

This area concerns the "philosophical" approaches represented by the two settlements. The TCU settlement provides for percentage wage increases while ours provides a straight cents per hour. Mr. Roth observed, "the structure of the BMWE Agreement was intended to help insulate the lower paid persons from the disparate impact of the flat dollar [health insurance] contribution." A second "form" relates to the health insurance plan changes.

"The question of whether it is preferable to shift plan cost from the general membership and to the heavy users of the Plan by increasing deductibles, coinsurance factors, etc., or, by increasing general contributions, require all employees to subsidize those who use/need the Plan the most. This philosophical difference between the BMWE and TCU cannot be settled by the math."

As a result of Mr. Roth's analysis and additional internal discussion within the BMWE, the Grand Lodge Officers have determined there is no need to attempt to exercise BMWE's "me-too" clause with the NCCC because, on balance, the May 31, 2001 National Agreement is superior for BMWE members than the terms of the Harris Award.

President Fleming and the Grand Lodge Officers decided the person best qualified to make that comparison was Tom Roth, the head of The Labor Bureau, Inc. Mr. Roth presented BMWE's economic position to Presidential Emergency Board Nos. 229 and 234 and was our chief economic adviser for the most recent round of collective bargaining. Additionally, Mr. Roth presented TCU's economic position to Arbitrator Harris. There is no one more familiar with both settlements than Mr. Roth. He recently prepared a memorandum on the comparison that was distributed to the System Officers throughout the United States.

Mr. Roth's memo stressed three areas in the comparison of the settlements: 1) total dollar value to the individual employee; 2) terminal values – the economic terms at the end of the contract; and 3) the form of the wage adjustments and health insurance plans.

Total Dollar Value

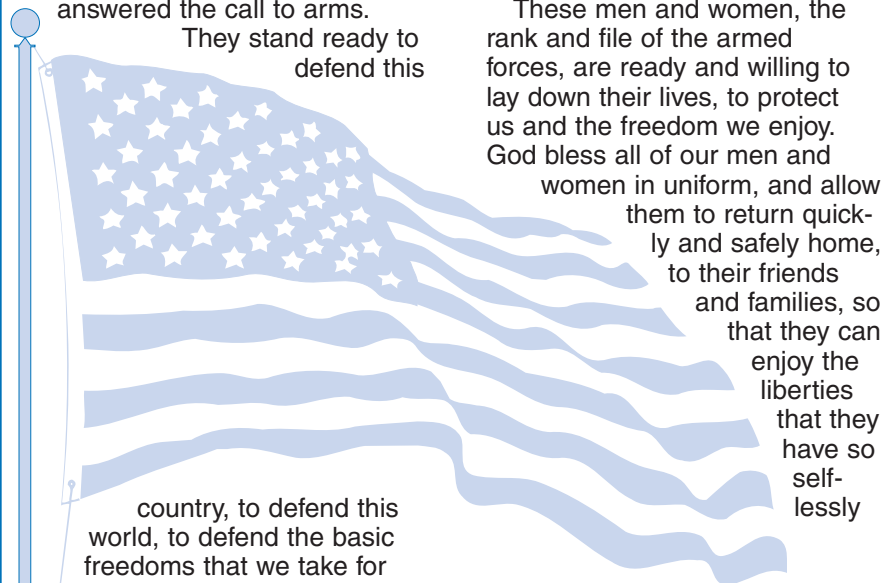
The BMWE agreement produces, on average, **\$1049 more than the TCU settlement** over the respective 5 year terms of the settlements. This is so, even though the TCU member, on average, grosses \$1882 more than the average BMWE member during this period. The difference results because that same TCU member must "make a direct pre-tax [health insurance] contribution over the term of \$2932." Mr. Roth noted that these figures are based on a comparison of wage payments only. He stated that the BMWE health

President Fleming Calls For Support of Our Troops

The idea of a war in Iraq is now a reality. Hundreds of thousands of our bravest men and women, stationed halfway around the globe, have answered the call to arms. They stand ready to defend this

prayers and best wishes for our troops engaged in this battle. They deserve our full and unwavering support, our respect and our pride.

These men and women, the rank and file of the armed forces, are ready and willing to lay down their lives, to protect us and the freedom we enjoy. God bless all of our men and women in uniform, and allow them to return quickly and safely home, to their friends and families, so that they can enjoy the liberties that they have so selflessly



country, to defend this world, to defend the basic freedoms that we take for granted. Brothers and Sisters, whether you are for or against this conflict, I ask that you join me, in offering our

defended. **Editor's Note:** Reservist's have rights! Check them at www.bmwe.org or www.aflcio.org/reserverights.

AWARD

The following award is made in accordance with the Memorandum of Understanding, entered into by the NCCC and the TCU and TWU, and deals with the amounts and timing of the wage increases as well as the amount and timing of employee contributions to the Health and Welfare plans to the extent such determination was placed before the arbitrator.

Wages

October 1, 2001:	roll-in \$.27 Harris COLA
June 30, 2002	2.5 GWI; (deduct cola amounts from the retroactive payment; Harris COLA terminates)
July 1, 2002	3.5 GWI ;
July 1, 2003	3.0 GWI;
July 1, 2004	3.25 GWI.

Health & Welfare

Cost Sharing:
 July 1, 2001 to June 30, 2002: \$33.39 per month;
 July 1, 2002 to June 30, 2003: \$81.18 per month;
 July 1, 2003 to June 30, 2004: \$79.74 per month;
 Effective July 1, 2004: 60% of BMWE cost-sharing, capped at \$100 per month.
 This award shall become effective as of the date of signing.

Robert O. Harris
 Arbitrator



Local Labor Organization Builds Towards Future

The Aberdeen Central Labor Union (CLU) is an organization whose members come from various unions throughout the Aberdeen area. The purpose of the CLU is the unification of multiple unions, thereby focusing efforts to improve the members lives as hourly wage earners through education.

The CLU was incorporated March 6, 1964 under the name of Quint City Trades and Labor Union. The name chosen for the Fisher Quints who were the first quintuplets born in the USA at Aberdeen, South Dakota. Although the name

remains the same on the papers of incorporation, the organization now goes by the name Aberdeen Central Labor Union, or CLU.

Meetings were held above downtown businesses for a number of years until a building was purchased by the CLU on May 16, 1978, at 12 South Main Street. The Machinist's Local provided a loan for the down payment towards the purchase of the building. Many members of the different locals donated an assessed amount of \$33 towards paying off the property by June 30, 1990. Throughout the



CLU Officers from left to right: Butch Jensen - President and Jim Goetz - Vice-President



BMW Local Lodge Officers from left to right: Tim Even, Local Chairman, Russ Brandt, Sec-Treas. and Dave Crissman, Vice-President.

years the upkeep and the remodeling has been accomplished through the hard work and "sweat equity" donated by many members from the various labor unions comprising the CLU. In addition, the Machinist's Union loaned funds for major improvements. Thanks to all of the people who started the organization and to those that kept it going, our property increased in value over time and we recently received an opportunity to better ourselves by selling the property.

CLU President, Butch Jensen, was approached, in December of 2001, by Blackstone Development Corporation (Blackstone) who expressed an interest in purchasing our building and property. A meeting was set up with Blackstone representatives in the first part of the year 2002. Various options were discussed. Some old properties and buildings were looked at with a possible exchange for our property in mind, and bids were also received for construction of a new facility. After some negotiating, an agreement was reached between CLU Officers and Blackstone for them to build a new structure and to provide the property on which the building would be constructed. The deal was presented to various union delegates at a special meeting and the arrangement was accepted. The delegates then gave the OK for President Butch Jensen and Vice-President Jim Goetz to oversee the construction project.

Construction was started in early summer of 2002 and was completed by late November of that year.

The building is 40 feet wide by 90 feet long. It consists of a large 40' by 50' meeting room with a kitchen area, a conference room and two offices. The two offices and partial use of the conference room space are presently being rented to the IAM & AW District 5 representatives for their office needs.

The building also serves as a meeting place for ten locals: IAM & AW Local 862 (machinists); AFSCME 162 (county workers); AFSCME 1922 (state workers); BAC (bricklayers); BMW 2825 (railroad track workers); CWA 7504 (telephone workers), IAFF (firefighters); IBEW 706 (power company workers); NALC 502 (letter carriers); and the BLE 726 (railroad engineers). Additionally, the building is rented out to members for social functions such as anniversaries, graduations, birthdays etc.

Various members, in completing this project, provided much of the work, materials and ideas. Nothing came easy, but the end result is something we all can be proud of. We now have a nice gathering point from which we hope we can continue to build upon, encouraging members to become more active, attracting more new members, and working towards organizing the un-organized. After all, our overall goal is to make a better life for ourselves, our children, and our grandchildren.



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Benefits Under Railroad Retirement and Social Security

Employers and employees covered by the Railroad Retirement Act pay higher retirement taxes than those covered by the Social Security Act, so that railroad retirement benefits remain substantially higher than social security benefits.

The following questions and answers show the differences in railroad retirement and social security benefits payable at the close of the fiscal year ending September 30, 2002. It also shows the differences in age requirements and payroll taxes under the two systems.

1. How do the average monthly railroad retirement and social security benefits paid to retired employees and spouses compare?

The average age annuity being paid by the Railroad Retirement Board at the end of fiscal year 2002 to career rail employees was \$1,930 a month, and for all retired rail employees the average was \$1,495. The average age retirement benefit being paid under social security was \$880 a month. Spouse benefits averaged \$580 a month under railroad retirement compared to \$430 under social security.

The Railroad Retirement Act also provides supplemental railroad retirement annuities of between \$23 and \$43 a month, which are payable to employees who retire directly from the rail industry with 25 or more years of service.

2. Are the benefits awarded to recent retirees generally greater than the benefits payable to those who retired years ago?

Yes, because recent awards are based on higher average earnings. For career railroad employees retiring at the end of fiscal year 2002, regular annuity awards averaged over \$2,575 a month while monthly benefits awarded to workers retiring at full retirement age under social security averaged some \$1,160. If spouse benefits are added, the combined benefits for the employee and spouse would approximate \$3,615 under railroad retirement coverage, compared to \$1,740 under social security. Adding a supplemental annuity to the railroad family's benefit increases average total benefits for current career rail retirees to about \$3,655 a month.

3. How much are the disability benefits currently awarded?

Disabled railroad workers retiring directly from the railroad industry at the end of fiscal year 2002 were awarded \$2,165 a month on the average while awards for disabled workers under social security averaged over \$890.

While both the Railroad Retirement and Social Security Acts provide benefits to workers who are totally disabled for any regular work, the Railroad Retirement Act also provides disability benefits specifically for career employees who are disabled for work in their regular railroad occupation. Career employees may be eligible for such an occupational disability annuity at age 60 with 10 years of service, or at any age with 20 years of service.

4. Can railroaders retire at earlier ages than workers under social security?

Railroad employees with 30 or

more years of creditable service are eligible for regular annuities based on age and service the first full month they are age 60, and rail employees with less than 30 years of creditable service are eligible for regular annuities based on age and service the first full month they are age 62.

No early retirement reduction applies if a rail employee retires at age 60 or older with 30 years of service and his or her retirement is after 2001, or if the employee retired before 2002 at age 62 or older with 30 years of service.

Early retirement reductions are otherwise applied to annuities awarded before full retirement age—the age at which an employee can receive full benefits with no reduction for early retirement. This ranges from age 65 for those born before 1938 to age 67 for those born in 1960 or later, the same as under social security.

Under social security, a worker cannot begin receiving retirement benefits based on age until age 62, regardless of how long he or she worked, and social security retirement benefits are reduced for retirement prior to full retirement age regardless of years of coverage.

5. Does social security offer any benefits that are not available under railroad retirement?

Social security does pay certain types of benefits that are not available under railroad retirement. For example, social security provides children's benefits when an employee is disabled, retired or deceased. Under current law, the Railroad Retirement Act only provides children's benefits if the employee is deceased.

However, the Railroad Retirement Act includes a special minimum guaranty provision which ensures that railroad families will not receive less in monthly benefits than they would have if railroad earnings were covered by social security rather than railroad retirement laws. This guaranty is intended to cover situations in which one or more members of a family would otherwise be eligible for a type of social security benefit that is not provided under the Railroad Retirement Act. Therefore, if a retired rail employee has children who would otherwise be eligible for a benefit under social security, the employee's annuity can be increased to reflect what social security would pay the family.

6. How much are monthly benefits for survivors under railroad retirement and social security?

Survivor benefits are generally higher if payable by the Board rather than social security. At the end of fiscal year 2002, the average annuity being paid to all aged and disabled widow(er)s averaged \$945 a month, compared to \$835 under social security.

Benefits awarded by the Board at the end of fiscal year 2002 to aged and disabled widow(er)s of railroaders averaged \$1,315 a month, compared to about \$715 under social security.

The annuities being paid at the end of fiscal year 2002 to widowed mothers/fathers averaged \$1,230 a month and children's annuities averaged \$730, compared to \$630 and

\$575 a month for widowed mothers/fathers and children, respectively, under social security.

Those awarded at the end of fiscal year 2002 were \$1,500 a month for widowed mothers/fathers and \$990 a month for children under railroad retirement, compared to \$635 and \$595 for widowed mothers/fathers and children, respectively, under social security.

The benefits to aged and disabled widow(er)s and widowed mothers/fathers at the end of fiscal year 2002 reflect the Railroad Retirement and Survivors' Improvement Act of 2001.

7. How do railroad retirement and social security lump-sum death benefit provisions differ?

Both the railroad retirement and social security systems provide a lump-sum death benefit. The railroad retirement lump-sum benefit is generally payable only if survivor annuities are not immediately due upon an employee's death. The social security lump-sum benefit may be payable regardless of whether monthly benefits are also due. Both railroad retirement and social security provide a lump-sum benefit of \$255. However, if a railroad employee completed 10 years of service before 1975, the average railroad retirement lump-sum benefit payable is \$950. Also, if an employee had less than 10 years of service, but had at least 5 years of such service after 1995, he or she would have to have had an insured status under social security law (counting both railroad retirement and social security credits) in order for the \$255 lump-sum benefit to be payable.

The social security lump sum is generally only payable to the widow or widower living with the employee at the time of death. Under railroad retirement, if the employee had 10 years of service before 1975, and was not survived by a living-with widow or widower, the lump sum may be paid to the funeral home or the payer of the funeral expenses.

The railroad retirement system also provides, under certain conditions, a residual lump-sum death benefit which ensures that a railroad family receives at least as much in benefits as the employee paid in railroad retirement taxes before 1975. This benefit is, in effect, a refund of an employee's pre-1975 railroad retirement taxes, after subtraction of any benefits previously paid on the

basis of the employee's service. However, an employee's benefits generally exceed taxes within two years; this death benefit is, consequently, seldom payable.

8. How do railroad retirement and social security payroll taxes compare?

Railroad retirement payroll taxes, like railroad retirement benefits, are calculated on a two-tier basis. Rail employees and employers pay tier I taxes at the same rate as social security taxes, 7.65 percent, consisting of 6.20 percent on earnings up to \$87,000 in 2003 and 1.45 percent for Medicare hospital insurance on all earnings.

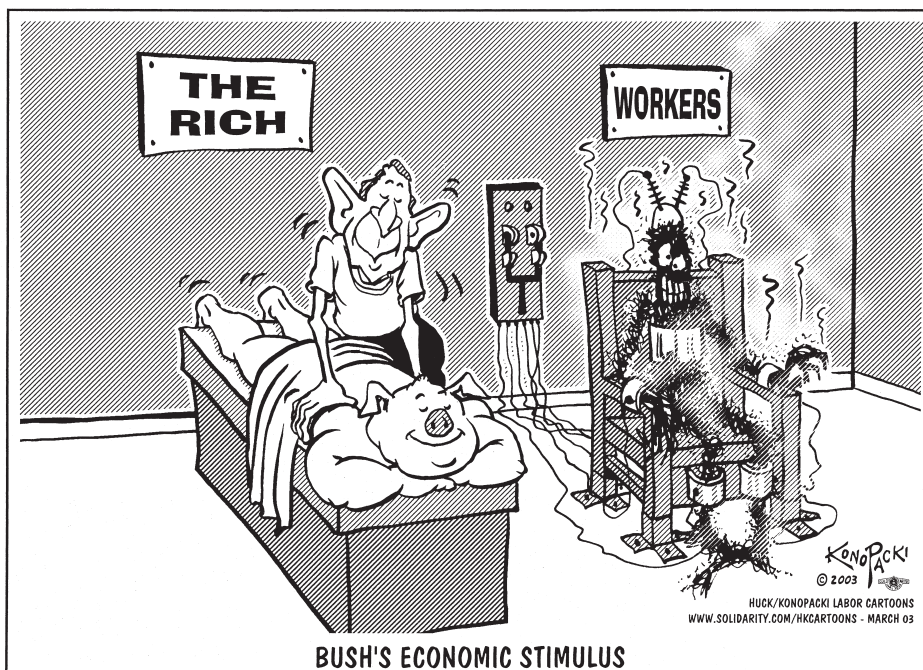
In addition, rail employees and employers both pay tier II taxes which are used to finance railroad retirement benefit payments over and above social security levels.

In 2003, the tier II tax rate on employees is 4.90 percent and on rail employers and rail labor organizations it is 14.20 percent on employee earnings up to \$64,500. On rail employee representatives the rate is also 14.20 percent in 2003. An employee representative is a labor official of a non-covered labor organization who represents employees covered under the Acts administered by the Railroad Retirement Board.

Beginning with the taxes payable for calendar year 2004, tier II taxes on both employers and employees will be based on an average account benefits ratio. Depending on that ratio, the tier II tax rate for employers will range between 8.20 percent and 22.10 percent, while the tier II tax rate for employees will be between 0 percent and 4.90 percent.

9. How much are regular railroad retirement taxes for an employee earning \$87,000 in 2003 compared to social security taxes?

The maximum amount of regular railroad retirement taxes that an employee earning \$87,000 can pay in 2003 is \$9,816.00, compared to \$6,655.50 under social security. For railroad employers, the maximum annual regular retirement taxes on an employee earning \$87,000 are \$15,814.50 compared to \$6,655.50 under social security. Employees earning over \$87,000, and their employers, will pay more in retirement taxes than the above amounts because the Medicare hospital insurance tax of 1.45 percent is applied to all earnings.





Mac A. Fleming

PRESIDENT'S PERSPECTIVE

BMWE's sustained legislative effort, conducted in coordination with several other rail labor organizations and supported by the grass roots efforts of BMW members and officers, has resulted in Congressional approval of Amtrak funding in the amount of \$1.05 billion for fiscal year 2003. The fiscal 2003 omnibus spending bill (H.J. Res. 2) approved by Congress on February 13 and subsequently signed by President Bush includes \$522 million for operating

expenses; \$295 million for Northeast Corridor capital expenses; and \$233 for general capital improvements. Within the funding bill, Amtrak also received extra time to repay a \$100 million government loan that helped it narrowly survive a brush with bankruptcy last summer.

Amtrak funding at the \$1.05 billion level, although a bit less than the \$1.2 billion requested, is a major victory for Amtrak workers and passengers and is a testament to BMW's legislative efforts and presence on Capitol Hill. Funding at this level was considered very unlikely in view of the burgeoning federal deficit and Republican control of both the Congress and the White House. However, a sustained and well coordinated lobbying effort by BMW and other rail unions and allies helped turn the legislative tide. Waves of BMW state legislative directors rolled onto Capitol Hill in a fury of intense lobbying coordinated by our national legislative office in DC. This legislative success is further proof of the immeasurable value of active participation by our members in the legislative process and in the Maintenance of Way Political League (MWPL).

The money allocated by Congress for Amtrak in the omnibus bill comes with several new conditions attached. In a major departure from past practice, federal funds for Amtrak will now pass through the Department of Transportation (DOT), who will essentially hold the purse strings. The conditions also include extensive reporting requirements, including a requirement that Amtrak develop and submit business plans to DOT. With few exceptions, Amtrak will be prohibited from spending any of its appropriations on projects that are not included in its business plans. The business plans will be subject to review and final approval by the Secretary of Transportation. In another first, Amtrak must also now seek separate funding for each long distance train by making a separate request to the Secretary of Transportation, including detailed justification for the funding request and any anticipated state sponsored funding available to support such trains.

As your President, the preservation of Amtrak has been, and continues to be, a top priority of the BMW. While the short term viability of Amtrak has been secured for this fiscal year, we are already gearing up our legislative efforts in Washington to secure Amtrak funding for fiscal year 2004 and beyond. Make no mistake, the enemies of Amtrak will continue to seek its demise in the battles to come. BMW and all of Rail Labor must remain fully engaged in order to influence and secure a better future for our Amtrak members and nationwide passenger rail service.

With short-term funding resolved, our immediate priority remains a fair resolution of our Section 6 contract demands with Amtrak, and negotiation of a contract which recognizes the untiring efforts, dedication, and contribution of Maintenance of Way Employees to the safety and operation of Amtrak. As this issue of the Journal goes to press, BMW General Chairman and Grand Lodge Officers and staff are actively preparing for the resumption of collective bargaining with Amtrak. We all recognize these negotiations with Amtrak will not be easy, but negotiations within the rail industry are never easy. Foretelling the difficulties, Amtrak President David Gunn has publicly stated in recent weeks that Amtrak will seek unspecified work rule changes during upcoming negotiations with labor unions. In addition, Amtrak's February 14 statement said, in part, "Amtrak's 1.2 billion request for the fiscal year was predicated upon projected revenue levels and tight controls on spending. The amount appropriated by Congress only reinforces that sustaining Amtrak operations will be an ongoing challenge. Though the budget will be extremely tight, this funding level should be sufficient to operate the national system for the remainder of the fiscal year, which ends September 30, 2003." Amtrak has requested \$1.8 billion for fiscal year 2004, which begins October 1, 2003. Of course, BMW and rail labor will work in support of full funding, and we will insist upon fair and equitable treatment of Amtrak employees whose skill, sacrifice, and dedication have kept Amtrak operating against all odds.

While we clearly have our work cut out for us, our successful legislative effort to secure Amtrak funding well in excess of the House and the President's proposals for fiscal year 2003 is an important step forward in preserving Amtrak and enabling the resumption of contract negotiations for our long-suffering Amtrak members. This success also demonstrates the extraordinary importance of close cooperation among the rail labor unions; the positive outcomes which result from the active support and vocal participation by rail union members; and the exceptional value and influence of voluntary participation in the Maintenance of Way Political League (MWPL).

I wish to personally thank and recognize the thousands of BMW members, retirees, and their families who placed calls, wrote e-mails and letters, and visited their lawmakers to voice support for Amtrak and its workforce. We simply could not have done it without you. Your individual efforts are absolutely essential to making our voices heard in Washington, and keeping the WE in BMW.

Supreme Court Holds Railways Liable *Asbestos Case Ruling Sides With Workers*

Some railroad workers exposed to cancer-causing asbestos on the job may now be able to collect monetary damages in court even if they do not yet have cancer and may never develop the disease, a divided Supreme Court ruled recently. Consequently, railroad workers who have a noncancerous illness because of exposure to asbestos on the job may recover damages for mental torment over the prospect of actually getting cancer itself.

In a 5-to-4 decision that was anxiously awaited by insurance and business interests for its potential impact outside the railroad industry,

the court upheld a jury award of nearly \$5 million for six former railroad workers from West Virginia who had developed a noncancerous lung disease, asbestosis, after being exposed to asbestos dust.

The court sided with six retired railroad workers who won \$5.8 million from Norfolk & Western Railway Co. The trial judge later reduced the awards to about \$4.9 million. "It is incumbent upon such a complainant ... to prove that his alleged fear is genuine and serious," Ginsburg wrote for herself and Justices John Paul Stevens, Antonin Scalia, David Souter and Clarence Thomas.

The recent ruling turned on the language of the 1908 Federal Employers' Liability Act (FELA), the law protecting railroad workers from employer negligence. The long-term significance of the ruling will be felt when state courts decide whether to apply it beyond the context of railroad workers, lawyers said. Some courts have allowed suits over fear of cancer and others have not.

In yet another anti-labor move, the Bush administration had joined the West Virginia case on behalf of the railroad, since it involves the application of the FELA law, which governs the rights of railroad workers. While rail workers are the only

people immediately affected by the ruling, there could be a wider impact in years to come, since interpretations of the 1908 law often influence the evolution of state negligence law, as well as the application of other federal liability statutes.

The case is *Norfolk & Western Railway v. Ayers*, 01-963. Texts of the decisions can be read on the court's web site, www.supremecourtus.gov.

Editor's Note: Questions related to any of the legal implications or matters expressed in this article should be directed to BMW designated FELA legal counsel.

SECRETARY - TREASURER'S REPORT

With spring breaking out across most of the country, hopefully leaving tax season behind for another year, a lot of folks start thinking about getting their financial house in order along with the



Freddie N. Simpson

other annual household spring cleaning jobs. It's also the season for mortgage companies to gear up their sales pitches about refinancing. Just think, they say, "...wouldn't you like to retire all of that messy credit card debt, consolidate your bills, or how about adding on to or renovating your home?"

Surely, you've seen or heard the pitch about folding all of your debt into one easy home equity loan and have a smaller monthly payment overall. And of course, this is the smart thing to do, right? Maybe not.

Refinancing deals have three basic appeals:

First, they are simple and easy to manage. Instead of a handful of bills with different due dates, you have one. There's less chance of forgetting one and triggering a penalty charge and black mark on your credit report.

Second, they lower your interest rate. A home equity loan is a secured loan that uses your home as collateral, so the interest rate should be in the single digits. Unsecured credit-card loans, which have no collateral, could be 10 percentage points higher.

Third, it's tax deductible. Interest on a home equity loan is usually deductible on federal income tax, while interest on other types of loans is not. Thus, a 9 percent home equity loan might have a real cost of 6.5 percent after the deduction. Compare that to a 15, 18 or higher percent credit card, which has no tax deduction, and the move to a home equity loan seems a no-brainer.

For a disciplined debtor, using a home equity loan to temporarily consolidate other loans might be a savvy move that could cut interest costs. Of course one has to ask, if you are so disciplined, how did your debts get out of control in the first

place? The biggest problem with any consolidation loan is what happens if you aren't so well controlled. In that case, interest costs can soar even if the rate seems modest.

Imagine you had \$10,000 in credit-card debt charging 15 percent. Assume you did not accumulate any more debt and made equal monthly payments of \$238 to pay off the debt in five years. Your total interest cost would be about \$4,300. Nearly half of your original debt (thanks to compounding)! Convert that to a 9 percent home equity loan and pay it off over five years, and the monthly payment would be \$208 with the total interest paid at \$2,450 (my, this is certainly looking better, keep talking).

OK, and if you paid an extra \$30 a month — back to the same \$238 as you would have paid on the credit card loan — the loan would be paid off nine months earlier, and total interest cost would be about \$2,060 (now we're cooking, you're down to about 20 percent of the original debt, much better than 25 to 50 percent). Well, although this all looks great on paper and sounds good, does it work this way in real life? Let's look closer.

Suppose that instead of paying off the loan in four years and three months, you made just the required payments on a 15-year home equity loan. The payment would be about \$100 a month, but total interest would be a stunning \$8,250. It is possible, however, on a theoretical basis, to justify this 15-year home-equity approach by looking at an even worse alternative. That would be to continue carrying the 15 percent credit-card debt by making only minimum monthly payments.

While payments on a home-equity loan would be the same every month, the minimum payment required on a credit card gets smaller as the remaining debt slowly shrinks. As a result, the time it would take to pay off the debt with minimum payments could grow to 20, 30, even 40 years. Interest costs would skyrocket, making the costs of the 15 year home equity loan look modest.

In the end, thinking of paying off a card debt by taking out a long-term home equity loan may be just exchanging one nightmare for another. The moral to the story? The longer the term, the bigger the total cost. Consider the long term consequences of what you are doing and what results you expect to achieve. The key to reducing a debt burden is not just getting a lower interest rate but keeping the term of the loan short as well.

Grand Lodge Staff Appointments

BMW Positions (advertised in the Aug/Sept and Nov/Dec 2002 Journals) Filled

WILLIAM BREHL, has been appointed as Assistant to President - Washington D.C. Office, following his tenure as Pacific Region General Chairman on the Canadian System Federation. He will be responsible for assisting in the preparation of submissions (and argument of same) to various arbitration panels pertaining to disputes over employee protective arrangements imposed either by agreement or by applicable law. He will also provide advice and counsel to General Chairmen and Vice Presidents

concerning employee protective matters and may assist in negotiation of implementing agreements involving protective conditions and agreements.

GARY E. KINNEY, has been appointed as Staff Assistant - Chicago Office after serving as Missouri Pacific System Federation Second Vice Chairman since 1995. His new responsibilities will include assisting in the preparation of claim and grievance submissions before the National Railroad Adjustment Board and public law boards.

Death Benefit Qualification Reminder

Article XVII, Section 13, of the Grand Lodge Constitution and Bylaws provides that "Only those members of the Brotherhood whose joining date and whose last rejoining date, if any, prior to death pursuant to Article XIX, Section 5, 5(a) and 5(b) are each prior to January 1, 1963, shall be eligible to receive death benefits. Death benefits are payable solely to eligible members and are payable solely for, and solely in consideration of continuous promptness in payment of the required regular union dues and assessments which must be paid in any event for the maintenance of union membership"

Often times this death benefit is thought of, or confused with, a life insurance policy - which it is not. It is a benefit afforded only to those members that joined or rejoined prior to January 1, 1963 and who have paid dues continuously and timely, since then, until they achieve fifty years of service, or until their death.

All inquiries or claims should be made at the Grand Lodge Headquarters address listed below:
BMW Death Benefit Department
26555 Evergreen Road, Suite 200
Southfield, MI 48076-4225
Telephone (248) 948-1010,
Extension 636

Brotherhood of Maintenance of Way Employees

FRINGE BENEFITS AS OF JANUARY 1, 2003

(Benefits include Rates for National Benefit Plans and Cost of Railroad Payroll Tax)

Fringe Benefits	Cost Per Month Per Active Employee
Health Insurance Benefits (GA-23000)	\$ 875.93
Early Retiree Major Medical Coverage (GA-46000)	65.73
Dental Insurance (GP-12000)	52.20
Supplemental Sickness Insurance Benefits (GP-7000)	39.14
National Vision Plan	8.61
Off-Track Vehicle Coverage (1)	.45
Railroad Unemployment Insurance Tax: Minimum 5.26% of first \$1,120.00 of monthly compensation	58.91
Railroad Retirement Tax Rates: Tier 1: Base (Annual) \$87,000.00 Rate 6.20%	
Based on Monthly Earnings of \$2,500	155.00
Tier 11: Base (Annual) \$64,500.00 Rate 14.20%	
Based on Monthly Earnings of \$2,500	355.00
Medicare Rate: 1.45%	
Based on Monthly Earnings of \$2,500	36.25
Total Cost per Month per Active Employee (2)	1,647.22

1. The cost of coverage differs for railroads not covered under the terms of the National Agreement. The rates per employee per month are: Part 1: Accidental Death 8 Dismemberment 8 Loss of Time = \$1.05 PEPM; Part 2: Accidental Death 8 Dismemberment Only = \$.80 PEPM. Rates for railroads Subject to the National Agreement = \$.45 PEPM. For the purpose of figuring this report, the \$.45 PEPM figure will be used.

2. This figure does not reflect amounts for vacation, holidays, Personal days, bereavement leave and jury duty, since their value would have to be based upon each employee's rate of pay for the appropriate period of time involved.

Mourn for the Dead Fight for the Living

Continued from Page 8

health standards and ignored important hazards. The administration has proposed cutting OSHA's budget and slashing funding for job safety research. Meanwhile, the Bush administration continues its pro-business stance, stacking advisory commit-

tees with management representatives and even shutting workers and unions out of OSHA's voluntary programs.

On this Workers Memorial Day, join us in honoring the workers who have been killed or injured by continuing the fight for safe jobs.

What You Can Do on Workers Memorial Day

- Hold a candlelight vigil, memorial service or moment of silence to remember those who have died on the job and to highlight job safety problems in your community and at your workplace.
- Organize a rally to highlight the job safety and health problems in your community or at your workplace and how the union is fighting to improve protections.
- Create a memorial at workplaces or in communities where workers have been killed on the job.
- Distribute workplace fliers and organize a call-in to congressional representatives during lunchtimes or break times. Tell your members of Congress to support stronger OSHA, Mine Safety and Health Administration and worker safety and health protections.
- Hold a public meeting with members of Congress in their home districts. Bring injured workers and family members who can talk firsthand about the need for strong safety and health protections. Invite local religious leaders and other allies to participate in the meeting.
- Write a letter to the editor of your local paper. Talk to reporters you know and encourage them to write a story about how the threat to job safety protections endangers workers in your community.

For additional information or to order materials, contact:

AFL-CIO Department of Safety and Health, 815 16th St., N.W., Washington, D.C. 20006; phone: 202-637-5366; fax: 202-508-6978; e-mail: osh-mail@afclcio.org; website: www.afclcio.org.

Scholarships

Railroad Craft Scholarship Foundation Deadline Is May 1

Railroad Craft Scholarship Foundation (formerly known as the Joint Craft Scholarship) is now available through the Brotherhood of Locomotive Engineers to college-bound children of all railroad operating crafts.

"To my knowledge this is the only scholarship program that covers all craft lines and is available on any railroad," said John D. Mullen, a member of BLE Division 500 (Cleburne, Texas).

The scholarships are available to children of employees working on any railroad represented by any railroad union currently covered under the Federal Employers' Liability Act. It provides financial aid to children of active, retired, or deceased railroad employees who would be unable to attend college without financial assistance.

Established in 1995 by Brother Mullen and other dedicated BLE members, the Railroad Craft Scholarship Foundation has awarded dozens of scholarships over the past seven years.

Intended to provide financial assistance to children who otherwise wouldn't be able to attend college, the scholarship offers several awards ranging from \$500 to \$1,000.

"There are no stipulations if you are already attending college or are just starting out," Mullen said. "The Committee focuses more on the applicant's financial need rather than his or her academic performance."

Completed applications must be received by May 1, 2003. Applications will be reviewed and award winners determined by the Railroad Craft Scholarship Foundation's Board of Directors at their annual meeting in May of each year. For an application packet, please contact:

John D. Mullen
Railroad Craft Scholarship Foundation
2609 S. Chase
Burleson, Texas 76028
e-mail: j.d.mullen@worldnet.att.net

Lost Dues Receipts Voided

The following Official Dues Receipts have been lost:

H-195451 through H-195475 - were lost in the vicinity of Litzitz, Pennsylvania.

H-876666 through H-876675 - were lost in the vicinity of Portsmouth, Ohio.

These receipts are hereby declared "VOID" and all members are cautioned not to accept any as receipts. If you should learn of any person trying to sell or use these receipts, please furnish the name and address of this person to the Grand Lodge Secretary-Treasurer's Department.

BMW Shows Support at BLE / IBT Rally

It was a windy and overcast day in Washington, DC on Tuesday March 11, as BMW President Mac A. Fleming led a number of BMW officers and members to the BLE/

IBT rally outside the offices of the Federal Railroad Administration (FRA).

The rally had been organized by the International Brotherhood of Teamsters (IBT) and the Brotherhood of Locomotive Engineers (BLE), to protest the FRA's lack of action in developing comprehensive regulations governing remote control technology.

President Fleming, and the BMW contingent, joined with over 300 other Union members and leaders to let the FRA know that we would not stand idly by while the railroads jeopardized the safety of their employees and the public at large by running unmanned trains operated by non-federally certified employees utilizing remote control technology.

BLE President Don Hahs informed those in attendance that more than 40 accidents, directly related to remote control technology, have taken place in the past two years. And in the grip of emotion, he told of the trainman who lost his life working a remote control job in February of this year.

"How many injuries and deaths will occur before the FRA acts?" President Hahs demanded.

Richard Trumka, Secretary Treasurer of the AFL-CIO and AFL-CIO Transportation Trades Department Executive Director Ed Wytkind, also brought cheers of support from the crowd with their passionate and heartfelt words, declaring that the FRA's inaction in

this matter would not be allowed to continue.

Then, James P. Hoffa, IBT President, took to the podium. From his very first words, President Hoffa praised BLE President Hahs for taking up the struggle to protect not only the BLE and the rest of rail labor members, but also the security of the nation itself. President Hoffa pledged his support and the support of the IBT to deafening applause from the crowd. Then he turned to the offices of the FRA and vowed that he would convince them to listen to us, to listen to labor, to listen to the American

people. He berated the FRA for failing to insure the safety of railroad workers and he told all of us that we, as Unionists, must work together and that doing so, we can, and will, achieve our goals.

The IBT and BLE were joined by the BMW in their commitment to continue this struggle to achieve safe operation of our nations trains. "When ever there is a threat to rail labor's livelihood, and indeed our safety, the BMW will stand in unity and support our brothers and sisters in the rail industry" declared President Fleming.

Centenarians

Belated happy birthday wishes to four BMW brothers who recently celebrated their 100th birthday.

William A. Davis

A Cabot, Arkansas resident, celebrated his 100 birthday on Feb. 2, 2003. Mr. Davis was last employed by the St. Louis San Francisco Railway as a track laborer

George W. Barnes

A Corinth, Mississippi resident, celebrated his 100th birthday on February 3, 2003. Mr. Barnes was last employed by the Gulf Mobile & Ohio Railroad as a section foreman.

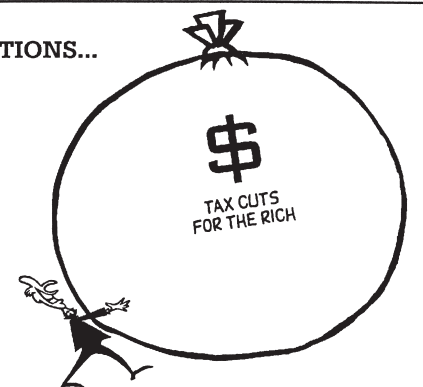
John W. Summers

A Hermiston, Oregon resident, celebrated his 100 birthday on March 4, 2003. Mr. Summers was last employed by the Union Pacific Railroad as a section foreman.

Victor Godinez

A Aurora, Illinois resident, celebrated his 100 birthday on March 6, 2003. Mr. Godinez was last employed by the Chicago, Burlington & Quincy Railroad as a molder helper.

PROPORTIONS...



DEBT

SAFE JOBS: Keep on fighting

DECADES OF STRUGGLE by workers and their unions have resulted in significant improvements in working conditions. Unions have won laws and protections such as the Occupational Safety and Health Act (OSHA) and the Federal Mine Safety and Health Act and numerous standards that have made workplaces safer for all workers. And in the railroad industry, the Federal Railroad Administration (FRA), which shares jurisdiction with OSHA, also has many safety standards that were progressed and adopted because of Union involvement. To be sure, Union contracts have given workers a voice on the job. Nonetheless, the toll of workplace injuries, illnesses and deaths remains enormous. Millions of workers are killed or injured every year.

On April 28, the unions of the AFL-CIO observe Workers Memorial Day to remember those who have suffered and died on the job. As we remember workers who have died in workplace catastrophes, suffered diseases due to exposure to toxic substances or been injured because of dangerous conditions, we rededicate ourselves to the fight for safe workplaces.

Each year, nearly 6,000 workers are killed at work, 50,000 die from occupational diseases and millions more are injured. Many long-recog-

nized hazards have not been addressed and new workplace hazards emerge. Ergonomic hazards cripple and injure more than 1.8 million workers each year and remain the nation's biggest job safety and health problem. Immigrant workers are being killed on the job in record numbers. Millions of workers have no Occupational Safety and Health Administration (OSHA) protection.

According to statistics compiled under the FRA accident incident reporting requirements, there were 2,625 reportable train accidents in the U.S. in 2002, resulting in 15 fatalities and 437 injuries (not including highway-rail crossing

accidents). Another 352 fatalities and 983 non-fatal injuries occurred from impacts between trains and motor vehicles or pedestrians at highway-rail grade crossings. Additionally, 542 persons categorized as "trespassers" were fatality injured in railroad "trespasser incidents" in 2002. Overall, 20 railroad employees (on duty) were killed in on the job accidents during 2002, and another 6,442 suffered reportable injuries, not including an undetermined number of occupational illnesses.

We will honor the victims of workplace injuries and illness by holding employers accountable for protecting workers' safety and health. We will demand that the

Bush administration stop putting corporate interests over the well-being of workers. We will call for action on needed job safety protections. We will demand stronger enforcement of the law and protection from known workplace hazards and from new safety and security threats. We will fight for OSHA coverage for all workers, improved FRA safety standards for railway workers, and the freedom of workers to form unions and, through their unions, speak out and bargain for safe jobs, respect and a better future.

On April 28, we will honor fallen workers. And we will keep on fighting until the promise of safe jobs is a reality.

Mourn for the Dead Fight for the Living

THIRTY-TWO YEARS AGO, Congress passed the Occupational Safety and Health Act, promising every American worker the right to a safe job. Unions and our allies have fought hard to make that promise a reality-winning protections that have saved hundreds of thousands of lives and prevented millions of workplace injuries.

**MOURN
for the Dead
FIGHT
for the Living**
WORKERS MEMORIAL DAY

But the fight to protect workers is getting harder as the Bush administration has joined with business groups to roll back, block or stall many needed protections. After repealing the Occupational Safety and Health Administration's (OSHA's) ergonomics standard, the administration halted work on dozens of new safety and

See **MOURN** Page 6



Brotherhood of Maintenance of Way Employees
Suite 200
26555 Evergreen Road
Southfield, Michigan 48076-4226



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