Boston public transit union agrees to open contract and impose wage cuts

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Boston Carmen's Union Local 589, which bargains for more than 4,000 Massachusetts Bay Transportation Authority (MBTA) public transportation workers, has agreed to give up pay raises for existing workers and lower the wages of new workers. In return for the concessions, the union has gotten a worthless false promise from management that it won't privatize the jobs of bus drivers, subway drivers, or subway maintenance crews.

The deal, proposed by the union leadership in June, was forced on workers last weekend after a meeting following the union's yearly holiday party, even though the current contract was not scheduled to expire until 2018. The Local 589 web site says, "copies of the contract were shared" with workers at the meeting.

The new Memorandum of Understanding, which was approved unanimously on Monday by the governor's unelected MBTA Fiscal and Management Control Board (FMCB), now runs through June 2021. The local's office would neither confirm nor deny in a phone call with the *W orld Socialist Web Site* whether workers had voted or would vote on the agreement.

Governor Charlie Baker, a Republican, has used the systemwide crisis precipitated by a series of snowstorms in February 2015 as a pretext for assaults on workers' wages, jobs and benefits. In June the privatization drive began in earnest with a request for proposals soliciting companies to run two spare parts warehouses. In October, the *Boston Herald* revealed that MBTA was secretively paying McKinsey & Company to develop privatization plans. The MBTA has also hired Brinks to manage its money room, cutting dozens of jobs in the process.

The new Memorandum of Understanding is being passed off as a brake on privatization, with the cancellation of a scheduled 2.5 percent raise in 2017 as the price for keeping existing jobs in the union bargaining unit. However, the only mechanism for supposedly blocking management from privatizing jobs included in the agreement is that the 2.5 percent raise would be restored if a "budgetary emergency" led to new negotiations. In other words, management can outsource driver and subway maintenance jobs if it gives the remaining workers what they were going to get under the current contract in any case.

Raises in 2018 and 2019 under the new MOU are cut to 1.5 percent, only 0.2 percent higher than the current rate of inflation in the Boston area, one of the most expensive in the country. Electricity and heating prices in the region have been soaring, and home prices are among the highest in the US.

The sizes of the new cuts in starting pay have not been announced publicly, but the *Boston Globe* reported that "four of five pay levels were cut." Overtime will now be paid only after 40 hours are worked in a week—rather than eight hours in a day—and management is allowed to proceed with the privatization of the parts warehouses, cash room, customer service, and turnstile technicians. Workers responsible for bus maintenance, who are represented by a different union, will be next in line for attack.

In the comments section of Local 589's web site, one worker posted: "great job bowing down to the almighty control board. Why don't you just give them everything and leave your members and retirees nothing, since that's the direction the union is heading. The employees have lost enough, health insurance increases, union dues increase, as well as numerous things union members have been stripped of. With all this to save money on paper, the employees and retirees suffer the most and never actually see a so called raise due to increases in everything else."

Massachusetts Secretary of Transportation Stephanie Pollack gloated that the deal is “game-changing and transformative.” Pollack boasted, “without outsourcing on the table, we wouldn’t have reached this agreement.”

In reality, the union apparatus is not opposed to privatization in principle. The union executives only want to maintain their dues base and “seat at the table” where they can negotiate away the hard won gains of workers in exchange for protecting the financial and institutional interests of the union bureaucracy.

Local 589 President James O’Brien made this clear in statements posted on the local’s web site. Swearing his allegiance to Pollack and MBTA management, he said, “We knew that we wanted to be part of the solution. We said that from the beginning.”

He continued, “We’re glad we were able to negotiate out of this privatization. It actually shows that through negotiations, instead of privatization, you can garner the same savings, if not more savings than you would have.”

The savings in question, which are being touted as a means of addressing a small gap in the system’s operating budget, amount to about $20 million per year. This amount pales in comparison to the more than $145 million in city, state, and federal incentives given to General Electric when it decided at the beginning of the year to move its corporate headquarters from Connecticut to Boston.

The $20 million per year being saved by denying workers their contractual raises is also pennies when compared to the system’s deferred maintenance backlog of more than $7 billion. Frequent subway delays caused by broken switches, signals, and trains are the most benign result of this negligence. The safety of workers and riders is also at stake, as in the October 26 fire in an Orange Line train when riders had to break windows to get out of the smoke-filled cars.

The state government’s attacks on MBTA workers’ rights will not end with wages, overtime, and job security. The Pioneer Institute, a right-wing think tank of which Governor Baker was one of the first directors before entering state politics, has issued a white paper advocating draconian cuts in the pensions of the system’s workers.

MBTA workers are covered by both a defined-benefit pension (the MBTA Retirement Fund) and Social Security. This arrangement is too generous for the tastes of the Pioneer Institute, which argues that the retirement fund is enough and that the MBTA should not have to contribute to Social Security. Pioneer argues further that the early retirement age for MBTA workers should be raised from the current 55, and that the multiplier used to calculate pension benefits should be lowered from the contractually-mandated 2.46 to the 1.45 used by the Massachusetts State Employees’ Retirement System (MSERS), which covers other state workers.

This multiplier is applied to the number of years of pensionable employment to arrive at a percentage of the worker’s salary that will be paid as his or her yearly pension. Pioneer’s white paper argues that the MSERS pension calculation—which would pay a retired worker with 25 years of service 36.25 percent of his or her highest pay—is plenty generous. At present, an MBTA worker who retires at age 55 after 25 years of service gets a yearly benefit equal to 61.25 percent of the average of his or her highest three years of pay.

The white paper argues further that workers’ pensions should be cut deeply because of the MBTARF’s unfunded liability of more than $1 billion, but it is silent on the question of why that liability is unfunded. While many of the state’s largest employers—including Partners HealthCare, GE, Liberty Mutual, John Hancock Life Insurance, and State Street Corp—benefit from public transportation, only 8 percent of the state’s tax revenues come from corporate income taxes. At the same time, $450 million per year is being paid from the MBTA’s operating budget as debt service to predatory bondholders. Less than three years of these debt payments would fully fund the pensions of the 12,200 workers covered by the MBTA Retirement Fund.