



# UNION REGISTER

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## Madison Dearborn Goes Public with Boise Cascade Stock

Madison Dearborn, the Chicago equity buyout firm, has taken Boise Cascade public by offering \$11.8 million shares through the New York Stock Exchange. Madison Dearborn (MD), which purchased Boise Cascade in 2004 mostly with borrowed funds, decided to sell 30 percent of the company to the public after holding it for nine years. MD will maintain control and will make decisions concerning executive pay, control of the Board of Directors, mergers and acquisitions. OfficeMax, which Boise acquired one year before the MD buyout, holds approximately 20 percent of Boise Cascade stock.

The public offering, called an Initial Public Offering (IPO), is expected to raise between \$230 and \$250 million. MD reported that \$25 million will be used to reduce debt and they will have broad discretion over the use of the remaining funds. In the future, MD plans to grow in engineered wood products and will be looking for wood products manufacturing



**Boise Cascade**

plants to add to the company's current count of eighteen plants. The company has 31 building products distribution centers. In 2009 Boise Cascade acquired a truss assembly and engineered wood products plant in Maine and a sawmill in Pilot Rock, Oregon. Staying true to their emphasis on EWP, Boise purchased a lam beam and deck-ing plant in 2009 in Homedale, Idaho. A sawmill in Arden, Washington was acquired in 2012.

The timing of this IPO coincides with the beginnings of a recovery in the home building industry and at a time when lumber and plywood prices are on an upward climb. Stock was initially offered at \$21 a share and quickly rose to \$27 due to these favorable conditions and a surging stock market.

### Sales and Income Over the Last Three Years

As part of the requirements of issuing stock to the public, MD issued a prospectus that gives financial data, information about risks, and general philosophy of direction for the company. The financial information showed that sales have been in the \$2 billion range in 2009, 2010 and in 2011—



After nine years as a privately held company, Boise Cascade is once again a "publicly traded" company listed on the NY Stock Exchange. Madison Dearborn, the Chicago-based private equity firm, has issued BC stock expected to raise up to \$250 million. Over the last nine years MD has made Boise into a smaller company, a company without timberlands and a company with less focus on a wide variety of products (sold off paper products). The future emphasis will be on engineered wood products. The plant pictured above is the Boise Cascade particleboard facility in LaGrande, Oregon which is represented by CIC Local 2851.

pretty stable given the depression in home building during those years. As expected, income from operations showed losses in those

same three years, but the picture is very different for 2012. In just the first nine months of the year, income from operations was \$54

million — more than the total losses for 2010 and 2011.

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## Council Announces On Line Steward Training Program

In May the Carpenters Industrial Council will launch its new online steward's training program.

The purpose of going to a web-based training program is to make the training more accessible to new stewards and to stewards who feel a need to refresh their skills and knowledge. Mike Pieti, Executive Secretary-Treasurer of the Carpenters Industrial Council, said, "It is our hope that this new delivery system will allow many more stewards to receive valuable training more quickly and more efficiently than our present system of scheduling four hour classes in each local union. Sometimes months go by before new stewards can be trained and this program is intended to correct that problem."

The program is set up to be user-friendly and easy to work with---even for those who may not be computer savvy. There are easy-to-follow instructions at each step of the training program.

The program consists of eighteen sessions and covers the subject matters currently covered in the four-hour basic steward training course that is usually taught by CIC Representatives. The sessions include a video, downloadable files, links to more information,



and a staff expert to contact if additional information is needed. "The beauty of this course," commented Dan Walbrun, principle architect of the web-based training, "is that it is self paced and it will take approximately four hours to complete all the lessons. A steward can go online and do as many lessons as he or she desires, take a break and come back later to work on the remaining sections. They can work at the pace that is best for them."

The program will be offered to all local union

stewards as it is phased in over a five month period. Each steward identified by the CIC Council Representative will be mailed a copy of the Steward Resource Manual and a copy of the book 'The Legal Rights of Union Stewards' by Robert M. Schwartz.

Stewards will be provided with a user name and password to log into the CIC training web site.

Once the course is completed the steward will receive a certificate of completion, a steward pin and T-shirt designed exclusively for participants of this training program. Additionally, stewards will have continued access to the web site to review and refresh themselves on the various subject matters at their convenience.

Stewards or locals can contact their Council Representative for information regarding when the program will be available in their area. Those without internet access will be able to work with their Representative to find alternative methods of completing the course.

After the initial phase-in, the program will continue for all new stewards. In time, the Council hopes to offer additional on-line training programs, including officer training.

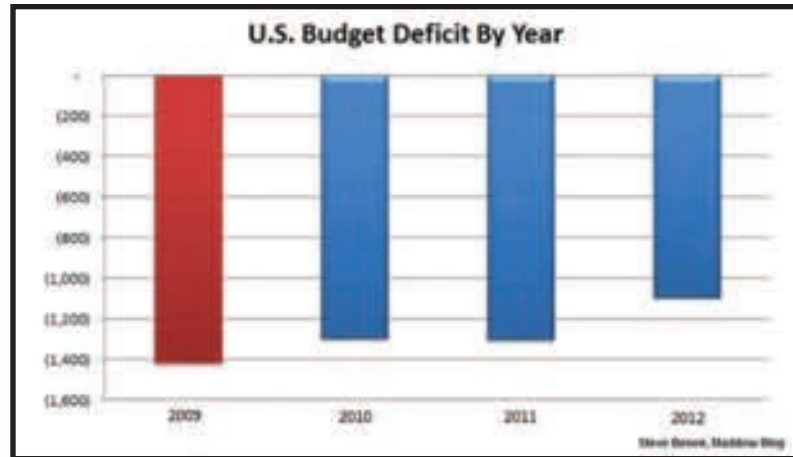
# Deficit Reduction: Wrong Debate When the Priority Should be Growing the Economy

If you care about deficits, you should want our economy to grow faster. If you care about lifting up the poor and reducing unemployment, you should want our economy to grow faster.

At this time the highest priority should be speeding economic growth and ending the waste, human and economic, left by the Great Recession. But you would never know this because the conversation in our nation's capital is being held hostage by a cycle of phony budget deadlines driven by a wrong headed belief that the reducing the nation's budget deficit should receive top priority.

Let's call a halt to this madness. The economic downturn ballooned the deficit. Growth will move the numbers in the right direction. The whole point of an economy is to provide everyone with real opportunities for gainful employment and economic advance. As the San Antonio Mayor Julian Castro put it, "When we talk only about deficits, we take our eyes off the prize."

Martin Wolf, an economist columnist for The Financial Times recently wrote, "The federal government is not on the verge of bankruptcy. If anything, the tightening has been too much and too fast. The fiscal position is also not the most urgent economic challenge. It is far more important to



promote recovery. Meanwhile, people, just calm down."

Lost in the rhetoric is the fact that deficits during President Obama's first term have been substantially reduced. One of the key reasons for this positive trend is that as the job market improves and unemployment falls, additional tax revenues flow into the federal government.

The accompanying chart shows the deficit over the last four years. In 2009 the deficit reached a record high of \$1.4

trillion. President Obama inherited this from the Bush Administration. In 2012 the deficit is down to \$1.089 trillion — a decrease of over \$300 billion over those three years.

Even at these numbers, some economists argue that the deficit is too small when we should be borrowing far more to invest in job creation projects like roads, bridges, energy, water systems and sewage systems. Job creation is the engine that will drive the deficit down in the future. Right now the primary focus should be on stimulating economic growth and fixing our crumbling infrastructure.

Senator Mitch McConnell, the Republican majority leader, recently declared that "deficit and debt control constitute the transcendent issue of our era." No, it's not. Former Treasury Secretary Lawrence Summers puts it best when he warned that we can't

"lose sight of the jobs and growth deficits that ultimately will have the greatest impact on how this generation of Americans live and what they pass on to the next generation."

*This column was prepared by Denny Scott, economist for the UBC for 26 years, with excerpts from a column by E.J. Dionne Jr, a columnist for the Washington Post and a blog by MSNBC host Rachel Maddow.*

## ...Boise Cascade Stock

(From Page 1)

Boise Cascade Income from Operations, 2009 -2012	
Year	Income (Loss) from Operations in millions
2009	(\$83)
2010	(\$13)
2011	(\$27)
First 9 Mos. 2012	\$54

Boise Cascade has two operating segments — wood products manufacturing and building products distribution. Thirty percent of the company sales and seventy three percent of income comes from the wood manufacturing segment.

Madison Dearborn reports that capital investments in plant equipment and technology have made their plywood operations among the most efficient in the industry. They specifically cited Kettle Falls, Washington, and Elgin, Oregon, (both are union plants) as two of the lowest cost producers in the Pacific Northwest region.

Madison Dearborn purchased Boise in 2004 for \$3.7 billion. Because it is the nature of private equity funds to sell off pieces of companies they acquire, downsize and streamline (translation — close plants) and then issue public stock to make a profit for shareholders, it was expected that MD would hold Boise for about seven years before sending it public. MD's acquisition of Boise pretty much fit this pattern except that MD likes the new downsized company so much they are retaining controlling interest. But if the stock price for Boise Cascade were to shoot up further, say to the \$40s or \$50s, MD would be in a position to cash in big by selling their large reserve of BC stock.

MD is a very diversified holding company. At the time MD purchased Boise and took it private, the holding company also owned Burger King, Satellite Radio, Buckeye Technologies, Smurfit, Graphic Packaging and many others.

### Selling Off Parts of Boise Cascade

The downsizing and so-called streamlining of BC started quickly. Within three months of acquiring Boise Cascade, MD sold off the company's 2.2 million acres of timberlands in the Pacific Northwest, Louisiana, Alabama and Minnesota for \$1.65 billion. This allowed MD to recover forty five percent of the purchase price and the funds were used to pay down the substantial debt used to buy Boise. The timberlands were sold to timber investment firms, Hancock Natural Resource, Molpus Woodlands and Rayonier Louisiana with supply agreements that run to the end of 2014. Most of the logs coming into Boise mills now come from these supply agreements. In 2011 twenty two percent came from federal and state lands. Options for Boise after the supply agreements expire are to attempt to renegotiate them or rely on open market sales and more purchases from public lands.

In 2008 plants in St. Helens, OR (union) and White City, OR (nonunion) were closed. The Brazilian subsidiary was sold in 2008. The paper and

packaging division of Boise Cascade was sold in the same year for a gain of \$2.9 million. In 2009 the company claimed permanent closure of the LaGrande, OR sawmill (union) but reopened it nonunion in 2011.

The pattern seems clear. The union beam plant and finger jointer plant in Emmett, ID was closed in 2010 and the production was moved to the newly purchased nonunion plant in Homedale, ID---35 miles from Emmett. The company curtailed operations at the union small log sawmill in Kettle Falls, WA indefinitely in 2009 and later purchased the nonunion mill in Arden — 20 miles from Kettle Falls.

So, Boise Cascade is not only much smaller than it was in 2004, it is also a company that has systematically cut labor costs by closing union plants, purchasing or reopening plants nonunion and then pushing more production through those nonunion plants. Boise is what some business writers have labeled a "hollowed out" corporation — a company that once had vertical integration (timberlands to diversified products and distribution outlets), a strong connection to their workforce and their communities but now has morphed into a company subject to the bottom line demands of a distant holding company in Chicago. The winners in this scenario are the executives of Madison Dearborn and MD stockholders. But how much has been sacrificed to reward a few?

### What Can Boise Cascade Workers Expect?

The public offering of stock, by itself, probably won't impact plant operations very much. MD still has the reins and will likely use the same standards they've used the last nine years with the same focus on plant cost structures and returns on their investment. They will continue to strive to be low cost producers and be on the lookout for opportunities to further reduce the unionized side of the company while increasing output from the nonunion side. The one big change in the environment is the improvement in demand and prices for lumber and wood products. This will essentially change the emphasis from austerity and cost cutting to meeting the increased demand during what is expected to be a relatively prosperous period for the lumber and wood products industry.

## Why We Need Unions in America

By Jay Perrizo  
Retired WCIW Executive Secretary and Member of Local 2961

I must speak out in defense of unions in America!! As a reminder for those of you who need a refresher, we all enjoy the luxury of a better life than our forefathers because unions have improved working conditions for all Americans.

To mention a few: 40-hour work weeks with up to double time pay for hours worked in excess of 40, paid holidays, paid vacations, paid sick leave, paid funeral leave, pension and 401(k) plans, family medical plans, job advancement by seniority, job security and, of course, wage adjustments. All of this was accomplished through a collective bargaining process which, I can personally assure you, would not have happened without the right to belong to a union.

Now we are under attack from union busting state legislators in Wisconsin and Michigan, as well as other states that are closely watching results in those states with the sole purpose of destroying our collective bargaining process. If they are successful, you can be assured that we will see the biggest economic collapse in America we've witnessed in our lifetime.

Unions have indirectly been representing non-union workers since the very inception of unions. I have been a member of a wood products union for well over 50 years and have held various elected offices for 50 years, including full time

A representative since 1970, I've seen my share of union busting activity, especially during my early years as an organizer. Many of these company campaigns were unsuccessful due to employer's dirty tactics, which resulted in unfair labor practices. Employers often made promises to improve wages and benefits to their workers, then, after an NLRB election, they reneged. But even where the union was not successful in organizing a plant, those non-union workers received improvements because the employer wanted to keep working conditions at least somewhat close to what was being paid in union plants.

We must not allow union-busting laws to be passed in our America, so please contact your state and federal legislators and insist that they strongly oppose new laws that in any way changes our right to organize and laws that would weaken or eliminate our collective bargaining process.

No matter what your political preferences may be, please forward this message to all your contacts and friends. If you don't, you are part of the problem and not part of the solution for future economic growth in AMERICA!!

REMEMBER: UNITED WE STAND, DIVIDED WE FALL!!

## 'Robin Hood Tax' Moves Forward in Europe . . . and Spreads to the U.S.

It has not yet been ratified by the European Parliament, but in October 2012 a bill was introduced signed by representatives of eleven European Union member countries, including Germany and France. The bill proposes a small tax on all speculative financial transactions by banks and European stock markets. The proposed Financial Transactions Tax (also known as the "Robin Hood" tax) would tax stock transactions at 0.1% and derivatives transactions (more common with hedge funds, commodities, and bond traders) at 0.01%.

At most it's proposing a one tenth of one percent tax on financial speculators.

The New York Times estimates that, if passed, the new tax could raise as much as forty seven billion dollars in revenue for those eleven European countries. It would be an easy, modest and unburden some way to get back from the banks and the stock market hedge fund managers some of the government bail-out money they received — bail-out money paid from the tax dollars of regular working folks in Europe. Interestingly, the anti-union U.S. Chamber of Commerce has weighed in on the proposed European law, concerned that it will set a precedent that could spread to the U.S.

### Tax the rich? Not a bad idea!

Meanwhile, on February 28, 2013 a similar bill was re-introduced by U.S. Senators Tom Harkin and Sheldon Whitehouse, with support from Oregon Congressman Peter DeFazio, to create a "Financial Transactions Tax" on Wall Street speculators, investment banks, and hedge fund operator's right here in the U.S.A.

Will it pass? That depends on all members of the Carpenters Industrial Council. Contact your U.S. Senator and Congress person today and ask them to support the "Robin Hood Tax!"

## Employee at Weyerhaeuser Dodson, LA Mill Reinstated

Marcus Venzant was reinstated to his job after being terminated for dishonesty. The company accused him of not being at work at 4 a.m., in spite of his statement that he was, indeed, at work two hours before the regular shift starting time.

Venzant works at a high efficiency Weyerhaeuser sawmill in Dodson, LA as a utility person. The incident that led to his termination occurred on Feb. 23, 2013. Venzant and two other utility employees changed their shift schedule without getting approval from their supervisor. The shift was supposed to be from 6 a.m. to 2:30 p.m., but the three workers decided to come in early and work from 4 a.m. to 12:30 p.m.

When management became aware of the unauthorized schedule change, they conducted an investigation. The company interviewed the three employees separately, with Local Union 2091 Shop Steward Terry Wiley present. During the interviews the other two employees stated they had shared

a ride to work and worked together after arriving to work. They told management they did not see Venzant until around 6 a.m.

All three employees were suspended pending the results of the investigation.

When the company completed their investigation, written warnings were issued to the other two employees, but Venzant was terminated for what the company claimed was dishonesty. Wiley immediately filed a grievance and moved it through the grievance procedure. At the 4th step the company laid out why they felt termination was justified. The company felt that the amount of work Marcus performed did not equal eight hours, but they could not substantiate their claim. The fact that all three utility workers changed their schedule without a supervisor's approval was not disputed.

The union brought out the fact that employees do not clock in when they

arrive or leave work. In fact, there have not been time clocks in the plant in years. Employees log their time by using computers. The union pointed out the company's time system is extremely flawed and asked the question: "How would the company know if an employee is tardy or in this case, if an employee is actually at work?"

There was no supervisor present during this shift to verify when these three workers reported for work.

The company relied solely upon the statements of the other two employees in reaching the conclusion that Venzant was dishonest about being at work at 4 a.m.

Shortly after the meeting ended, CIC Representative Greg Carter received a call from the company offering to settle the grievance. Weyerhaeuser offered to reinstate Venzant to his position without a break in his service or loss of any wages or benefits. The offer was accepted and he reported to work the next day.



## Avondale Shipyard May Get New Life as Oil/Gas Manufacturing Facility

Two years ago, Northrup Grumman announced they would close the Avondale shipyard in New Orleans when the last Navy ship in their string of orders was completed.

Now, as the last amphibious transport LPD 25 ship nears sea trials in July, there is a sprig of hope that the new company spun off to run Avondale may give the 286 acre facility a second chance. This is good news for the employees at this sprawling shipyard situated on the Mississippi River — even if the plans are still in the exploratory stages.

The new company will be called Avondale Industries, Inc. and it is investigating a partnership with a commercial manufacturing firm or firms to make infrastructure for oil and gas refining, processing and transport. The prospects for expansion in this industry look promising because more than \$60 billion is slated to be spent in the Gulf region for turning natural gas into liquid fuel and building modules used in refineries. The Avondale location makes it a good fit to link into this industry.

Booker Sanderfer works in the scaffolding department and was a leader in the Carpenters Local 234 jurisdiction in Avondale before the Metal Trades moved to abolish the Carpenters jurisdiction and parceled it out to other unions. The United Brotherhood of Carpenters has challenged this action in court and that case is still going forward.

In the meantime, Sanderfer reports that the workforce in the shipyard is down to between 1,100 and 1,500 as the layoffs come in those craft areas not needed to complete the last ship. But in addition to finishing the last LPD amphibious transport, the yard has received orders to make modules for similar ships being built in Pascagoula, MS.

"So, there is uncertainty about the final ending date of operations here," said Sanderfer. "In scaffolding, welding and ship fitting they need crew members for these additional modules, but in painting, electrical and other areas

layoffs have been much heavier."

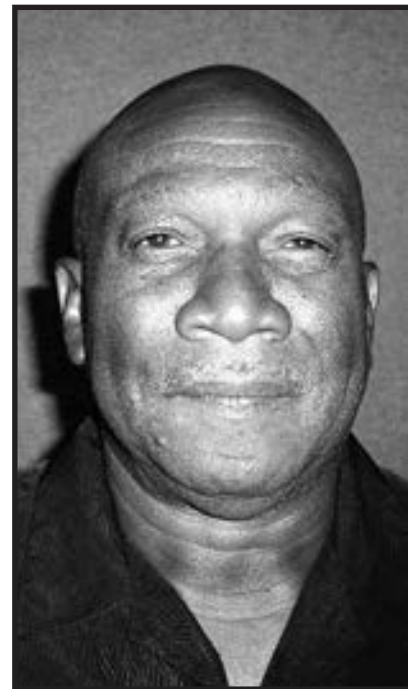
Avondale Industries has set up an office in Houston in an effort to pair up with companies and individuals who manufacture parts for refineries, liquid gas processing plants and other heavy equipment in the energy field. Houston is the hub of the market for the oil and gas market and that's where the large, experienced operators reside.

While there are no guarantees, Avondale Industries has said, if it lands a manufacturing facility for Avondale, they hope to employ around 2,000 people. The company also sees the craftsmanship and skill of its current workforce as a big advantage for bringing commercial energy infrastructure manufacturing to the site.

At one time Avondale was the largest private employer in Louisiana, with some 4,000 workers.

It would be a major blow to the New Orleans community and those thousands of workers if the shipyard were to go dark.

With respect to the ongoing court battle between UBC, the Building Trades, and the Metal Trades concerning the action of the Metal Trades to erase all of the Carpenter's jurisdiction in U.S. shipyards, an appeal to the December ruling has been filed to overturn dismissal of the case by Judge Thomas Rice of the U.S. District Court of Eastern Washington. UBC attorney Dan Shanley, said, "We think the Building Trades and Metal Trades acted illegally through a systematic program to harm the UBC by forcing shipyards and other Metal Trades facilities, like the Hanford Nuclear facility, to eliminate the right of the UBC to represent workers the union has traditionally represented"



**Booker (Bud) Sanderfer, a leader in Local 234 in the Avondale, Louisiana shipyard before the Metal Trades took illegal action to eliminate the Carpenters jurisdiction, reports that the announcement two years ago to close the shipyard might be reversed. The new company, Avondale Industries, Inc., is exploring opportunities to manufacture parts, equipment and refinery modules for the liquid gas industry in the Gulf region. This could save as many as 2,000 jobs if it comes through.**

## Personal Finance

## Raiding the 401(k)

A new study shows that a growing number of American workers are tapping into their retirement savings accounts for nonretirement reasons. This is a disturbing trend and raises concerns as to whether, when it's time to retire, these workers will have enough income to support themselves in their golden years.

New data shows one in four American workers with 401(k) and other retirement savings accounts use them to pay current expenses. The financial advisory firm HelloWallet found that withdrawals, cash-outs and loans drained nearly a quarter of the \$293 billion that workers and employers deposit into the accounts each year. They are using the funds to pay their mortgages, credit debt or other bills. The 40-49 age group is responsible for one-third of these withdrawals which is distressing because this group only has another 16-25 years to rebuild their accounts before hitting their retirement years. They put themselves at greater risk of descending into poverty upon retirement,

which would leave them dependent on government programs such as food stamps and housing subsidies. Nearly 6 million senior citizens were living in or near poverty in 2010. After a long period of decline, this figure, unfortunately, is expected to increase sharply over the next ten years.

"Enabling people to spend retirement money on anything other than the most severe emergency circumstances is a terrible mistake," said David John a researcher at a Foundation which studies retirement policy.

But millions of Americans, caught between flat wages or unemployment and high expenses for everything from college for their children to making home repairs, feel as if they have little choice. The withdrawals have grown substantially in the wake of the financial crisis. In 2008 28 percent of participants reported having an outstanding loan against their retirement accounts---an all-time high. Not surprisingly, low-income workers are the ones most likely to cash out retirement plans when they change jobs.

Cash-outs or hardship withdrawals from a 401(k) plan penalize the worker in three ways: 1) the fund balance dwindles leaving less to build compound interest for future retirement, 2) income taxes must be paid on the withdrawal amount and 3) if the individual is younger than 59.5 a 10 percent penalty must be paid.

401(k) plans were created by Congress in 1978 and their use has grown like topsy. In 1980, four out of five workers in the private sector were covered by traditional pensions that paid a fixed pre-determined benefit at retirement, usually based on years of service and/or ending salary. These plans provided a greater measure of safety (they did not allow early withdrawals) but today only one in five workers is covered by a traditional defined benefit plan. Individual retirement account plans, like the 401(k), have pushed defined benefit plans nearly out to the picture and, as a result, many workers are facing a bleak future as they approach what they thought would be their golden years.



## Interstate Trucking Members of Local 2767 Approve New Contract

One penny each year of a three contract may not sound like much but will produce a significant increase in the income for members of Local 2767 working at Interstate Trucking. In the first year the mileage rate went from one quarter of one cent to one cent per mile. In the second third years the rate remains at one cent. They are paid a mileage rate plus an hourly rate of pay.

The truck terminal is located in Kelso, Washington and the drivers carry loads all over the western states.

The settlement also provided for an increase in their hourly rate of pay---30 cents the first year, 30 cents in the second year and 30 cents in the third year.

There was also was an additional 2 percent in-

crease for the two difficult truck routes. Chain up wages were maintained and during the winter months the company will pay \$16.80 each way over the mountains to compensate drivers for hazardous driving conditions.

The union was able to minimize the increase in the employee share of the health care premium. The employee share only went up \$5 per month for single employees and \$20 for employees with families. The employer assumed the large share of the health premium increase.

Pat Ray, Chief Steward and the most senior employee at Interstate Trucking, said, "This was a good settlement considering that in past years our members were looking at a mileage rate of just one quarter of one cent per mile."

## Family and Medical Leave Class Held in Roseburg, Oregon

The Family and Medical Leave Act allows employees to take unpaid, job protected leave for specified family and medical reasons.

Officers and members from five west coast local unions attended a four-hour seminar on February 25, 2013 in Roseburg, Oregon to learn more about how the law works and how it is enforced. The class was led by Joseph Tam from the Bureau of Oregon Labor and Industry. He covered the federal regulations and the requirements that apply in Oregon.

Ray Everts, President of Local 2750 in Springfield, OR, said, "I got a lot out of the class. It is clear that when one of our members is seriously ill or needs to take time off to care for a spouse or a child FMLA is there for them."

"This was the first class I've taken on FMLA and the Oregon family leave law," said Darreld Hanna, President of Local 2949. It was very well organized and very well presented. I think it was new material for most of the people in the room

and instructor answered questions as they came up, which was very informative. He even color coded the federal requirements and the Oregon requirement so everyone could see which law applied in special circumstances."

Employees who are eligible for FMLA coverage are entitled to 12 work weeks off in a 12-month period for the following reasons:

- To care for a newborn child within the first year of birth.
- To care for a newborn foster or adopted child up to one year old
- To care for an employee's spouse, child or parent who has a serious medical condition.
- To care for a spouse, son, daughter or parent who is a service member and seriously injured.

The law is enforced and administered by the Department of Labor, Wage and Hour Division.

A recent survey of employers produced some interesting results. Ninety

one percent of employers surveyed felt FMLA was a successful program giving a positive impact on the lives of workers without undue burdens placed on the employer. Eighty five percent of employ-

ers reported that complying with FMLA is easy.

And the survey showed that misuse of FMLA is rare. Less than 2 percent of worksites covered reported misuse.



Thirty four officers and members from five CIC west coast local unions attended the February 25 class on the Family and Medical Leave Act held in the Local 2949 union hall in Roseburg, OR. The class was presented by a specialist from the Bureau of Oregon Labor and Industries.

## Termination at New Mexico Hospital Overturned by Arbitrator

Traci Stegen, a registered nurse and an 11-year employee at the Gerald Champion Medical Center in Alamogordo, New Mexico, was fired on December 16 for allegedly logging onto a test-taking web site using her husband's name and cheating by taking the on-line test for him. The nursing group at this hospital is represented by CIC Local 2088.

Stegen had received high marks in her performance evaluations from 2003 through 2011. She was active with the union, serving as a delegate, as a Local Trustee

and as a Shop Steward. Her husband, Tom Stegen, is President of the local union.

In an arbitration decision issued January 16, 2013, Stegen was reinstated with full back pay and restoration of benefits and seniority because the evidence just didn't add up.

On December 7, 2012, a supervisor looked in on Traci after she was logged into the test-taking site. Traci turned off the monitor and placed some papers she had on the desk into her bag. When the supervisor deter-

mined that she was logged into the site with her husband's name, also a registered nurse who needed to complete competency testing by December 31, she jumped to the assumption that Traci was taking the test for her husband.

Stegen noted that she has been trained to turn off monitors when another person approaches due to confidentiality issues. In addition, she did not deny signing in with her husband's ID number. It was an error because she often uses her husband's ID number and pin numbers for a multitude of purposes. In any event, she consistently told the hospital that she was attempting to earn 16 credits for her nursing license requirements from the ED Competency Test.

The union said in the arbitration hearing that the hospital did not have just cause to terminate Stegen. The union pointed out that the log-in mistake was an easy one to make and that if Stegen had wanted to take the test for her husband, she would have logically used her home computer instead of using the hospital computer and risk being discovered. Further, her husband did not need help passing the test. He completed it on December 8.

"Computer tracking evidence brought forward by the hospital showed that Traci Stegen was, in fact, in the test bank she needed to complete her own testing — not mine," said Tom Stegen.

In termination cases the employer must show that the grievant's action was intentional. The arbitrator wrote: "I find the hospital has not met this burden, and did not, therefore, have just cause to terminate the Grievant's employment ... mere suspicion of a Grievant's behavior is not enough to warrant termination."

"This is a real victory for the union and we are very pleased with the arbitrator's award," said Tom Stegen.

## It Looked A Lot Like Age Discrimination

When a new manager at the BMC West building products distribution yard in Everett, Washington, laid off three workers the only reason he gave to the union representative was, "they weren't cutting it".

In further discussions, the manager said that at the Montana facility there are fewer workers but they turned out more production because in Montana the employees are all young guys and they literally run all day moving wood. Then the manager, who previously worked at the company's nonunion plant in Idaho, gave the CIC Representative a list of eight more employees he wanted to lay off. They were all 45 years old or older.

It was clear that the company had ignored the layoff procedure in the Local 2761 contract. But worse, it looked like a clear case of discrimination against older workers for no good or valid reason. These workers had never been disciplined or written up for poor work performance. At the grievance meetings the company gave no reasons for the layoff, except to repeat over and over,

"we don't want those workers around any more".

The union appealed the case to arbitration, but before the hearing date the company attorney called and offered to settle by bringing the three members back to work with full back pay. The total back pay for all three was close to \$27,000.

This case certainly points out the value of being union. In a nonunion plant those three workers would have had no recourse if the company laid them off because they felt they were too old.

This grievance had a big impact on the relationship between the union and the company. Now, a company attorney sits in on grievance meetings to insure local management stays within the law and the contract. And managers aren't so quick to discipline or lay people off without checking with the union. It's evolved into a respectful "working relationship" — and things are now running a lot smoother in Everett.

# LARRY ANTHNEY: A True Friend and Advocate for Members and their Families

The word “friend” had a deep and enduring meaning to Larry Anthney. Anthney died February 1, 2013, and friends and family gathered February 14 in Centralia, Washington, to remember and honor him.

To say that Larry had a “wide circle of friends” would be an understatement. His circle touched virtually everyone he ever met. He was always available to help a friend, to console a friend or to do whatever was necessary to make the road of a friend a little smoother. And everyone knew that Larry was a deep and loyal friend because he maintained regular contact by telephone.

Larry was born in 1950 in Auburn, California. After a brief time when his family lived in Oklahoma, he returned to Auburn. His dad worked in a sawmill. In high school, Larry was a rough and tumble kid who loved the out-of-doors, fast motorcycles and competing in track and baseball. These were the years that forged Larry’s character, which he maintained through his entire life — friends were special and were meant to be kept forever; the weak were to be defended; the bully was to be confronted and values were pretty much in black and white tones.

After serving in the Navy, which took him to the South Pacific and the coastal waters of Vietnam, Larry returned to the Auburn area and went to work at the Cal IDA mill. It wasn’t very long before the president of the Central California Lumber and Production Industrial Workers Council, Paul Snyder, noticed this young man because of his sharp mind, his dedication to his fellow workers and his knowledge of the health care plan. Snyder recognized his potential to help members and created a position with the Hazard Health and Welfare Trust



Plan that made use of Larry’s considerable talents. That was in the late 1970s. His job was to meet with workers and their families to explain the health care plan, help them with claims and help when appealing claims that were denied for one reason or another. Larry’s sense of right and wrong and his tenacious nature served the membership very well. He was even known to use some very colorful language now and then when making a case for a member.

When the Hazard Trust was merged into the LPIW Regional plan, Larry was retained as representative between the members, their families and the plan. He learned a new territory and traveled extensively to make personal visits in local unions in Montana, Washington and Idaho. Local unions could set their clocks by Larry’s visits. He planned out his calendar a year or two in advance and always showed up at a local at the appointed time and date. He was not only solving health and welfare problems he was also making life-long friends. They were part of his union family.

Larry was a welcoming host who loved to barbecue on his upscale Orion Smoker. His baby back ribs are legendary. No one left his home hungry. There is a story that he was helping a union friend smoke a turkey in a Weber and the phone calls went back and forth. The turkey had been in the charcoal cooker/smoker for more than six hours and wasn’t done. Puzzled, Larry told his friend that it should take only 15 to 20 minutes a pound after the bird is thawed out. There was a long pause on the other end of the line then the response, “thawed?”

Larry carried his organizational skills and being meticulous about everything he did to his yard. He loved his John Deere lawn tractor and his com-



## Notice to Members of Local 2750, Springfield, Oregon

The picnic for members of Local Union 2750 and their families will be held Saturday, July 27, beginning at 11 a.m. It will be held at Lively Park Swim Center, in the park behind Splash.

petitive nature came out once in a while when he completed his mowing ahead of his neighbors. He was a very outspoken fan of the Washington Huskies football team and spent many happy Saturday afternoons at Huskies Stadium in Seattle cheering (and sometimes being critical) of his team. At his memorial service many wore University of Washington purple to remember Larry’s fierce loyalty to the Huskies.

Larry is survived by his wife, Teresa; and daughters, Mackenzie and Sidnee in Rochester, WA. His brother, Tony, and his wife Carol live in Houston, Texas, and his sister, Rosette Novak, lives in San Juan, California.

The Trans-Pacific Partnership Free Trade agreement would include eleven countries to start—the U.S., Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, Mexico, and Canada—with the possibility of adding many more later.

Since the passage of the North American Free Trade Agreement (NAFTA), the United States has lost 3.5 million manufacturing jobs, directly related to corporations relocating factories to lower-wage Mexico, and related to imports. Forty two thousand factories have closed. If the Trans-Pacific Partnership passes the U.S. Congress and U.S. Senate, the future for U.S. manufacturing workers could get much worse. Lori Wallach, Director of Public Citizen’s Global Trade Watch has even called the proposed Trans-Pacific Partnership (TPP) Free Trade Agreement “NAFTA on steroids!”

### NEGOTIATED IN SECRET

The thousands of pages of the proposed free trade agreement are not available to the public. The citizens of the U.S. do not have access. Yet 600 of the world’s biggest corporations and banks are sitting at the table as “stakeholders” with open access to the proposed language and having direct input concerning what they want in this free trade agreement. Read on. Thankfully, some friends of labor in the U.S. Congress and Senate have leaked chunks of language of the proposed mega-agreement.

### AN ATTACK ON WORKERS RIGHTS AND OUR DEMOCRACY

John Nichols writing in The Nation described the TPP as “a stealthy policy being pressed by corporate America, a dream of the 1 percent, that in one blow could: offshore mil-

# ‘NAFTA ON STEROIDS’:

## Trans-Pacific Partnership (TPP) Threatens U.S. Manufacturing Jobs—and Our Democracy

### THAT GIANT SUCKING SOUND — AGAIN

lions of American jobs, free bankers from government oversight, ban ‘Buy American’ policies needed to create more jobs and rebuild our economy, decrease access to affordable prescription medicine (especially generic drugs) and flood the U.S. with unsafe food and products.”

The Trans-Pacific Partnership would be another “race to the bottom” in wages and benefits, weakening union bargaining power in the U.S. The Citizens Trade Committee has pointed out that the TPP would make it easier for companies to shift jobs throughout the world to wherever labor is the most exploited and environmental regulations are the weakest. The TPP would also limit democracy at home and abroad by restricting our ability to put any legal restrictions on corporation’s ability to make maximum profits. Corporations and foreign governments could sue cities, towns, states, and the U.S. government over our labor laws, environmental laws, laws restricting business monopolies, and U.S. regulation of banks, insurance companies, and hedge funds.

While the TPP threatens labor rights, it strengthens the so-called “investor rights” of global corporations. As Lori Wallach explains, the TPP “allows a whole set of new disputes to be removed from U.S. courts and remanded to international tribunals run by corporate trade attorneys.”

### THE LAST AND WORST “FREE TRADE” DEAL

What’s more, this Trans-Pacific Partnership may be the last “Free Trade” deal the U.S. government ever signs. Why? Because it contains a “docking clause,” so that additional countries could join the pact later, without a vote of the U.S. Congress or Senate. Japan has expressed strong interest in joining the TPP. China is another country waiting quietly for the

TPP to pass. Though US Trade Representative (and former corporate lobbyist from Atlanta) Ron Kirk wants China to join the TPP. He told Reuters News Service that he “would love nothing more.”

### YOU CAN TAKE ACTION NOW TO STOP THE TPP

President Obama is frankly wrong on this trade agreement. He has abandoned his campaign promises to hold off on passing more free trade deals and is currently in favor of ratifying the Trans-Pacific Partnership “Free Trade” deal. Call your U.S. Senator and your member of Congress.

Tell them you are opposed to the Trans Pacific Partnership trade agreement.

America cannot afford a NAFTA on Steroids. American cannot afford to surrender our democratic sovereignty to greedy corporations and foreign trade review commissions and international tribunals. We cannot afford to send more U.S. manufacturing jobs overseas. Ask your representatives to vote against the passage of the Trans-Pacific Partnership Free Trade Agreement and stop this bill.

Call the U.S. Capital switchboard in Washington, DC: (202) 224-3121. Tell them where you live and ask to talk to your Congress person and U.S. Senator.

### What exactly is “right to work”? It doesn’t sound so bad.

While the term “right to work” might sound good, the true purpose of this law is to make it optional for workers protected by the union contract to be members of the union and to help pay for the expenses the union incurs protecting workers’ rights under the union contract (such as processing grievances, arbitrations, contract negotiations, drawing on experts like attorneys). The purpose of those advocating RTW is to place limits on the union’s resources and weaken the ability of workers to have a fair say about their jobs. These laws are designed to drive down everyone’s wages, benefits and overall living conditions.

There is also the principle of fairness. Consider a local fire district. Everyone in the district supports it through taxes, but what if membership in the fire district was optional and some homeowners opted out because firefighters were required to respond to all fires, whether at members’ homes or not? In this situation, members paying the tax would be picking up the costs of fighting fires at the homes of non-members — not an equitable arrangement.

### What is the origin of right-to-work (RTW) laws?

RTW grew out of the American Plan of the 1920s crafted by the National Association of Manufacturers. The purpose of this nasty anti-union propaganda campaign, which even set up local clubs, was to put the idea in the public’s mind that joining a union and negotiating an agreement that required all workers benefiting from the agreement to join the union was somehow un-American. It was clearly “the big lie” to undercut the ability of unions to negotiate fair and decent contracts. The first mention of the term “right to work” is associated with a Texas businessman and white supremacist Vance Muse. Muse hated unions, in part, because they promoted equality in pay, benefits and rights to promotion across racial lines. Southern segregationists eagerly signed on to RTW efforts to weaken unions during the middle part of the twentieth century.

### How did this anti-union law come to be called right to work?

Historians are unclear where the term “right to work” came from. The term was most likely coined by Vance Muse and, much like the American Plan before it, the name was clearly designed as a public relations gimmick to mask the true intent of the law — to weaken unions. As Dr. Martin Luther King, Jr. pointed out, “In our glorious fight for civil rights, we must guard against being fooled by false slogans, such as ‘right to work’. It provides no rights and no works. It is a law to rob us of our civil rights and job rights.”

### Why do states have the power to enact RTW laws?

Generally speaking, it is federal law which governs union-management relations in the private sector for companies involved in interstate commerce (almost all businesses fit into this category). The federal laws that apply are the Wagner Act of 1935 and the Taft Hartley Act of 1947. States can, and most do, enact laws covering the collective bargaining rights of public employees. The political fights in Wisconsin and Ohio were aimed at bargaining rights of public employees only.

However, there is one exception in the Taft Hartley law that gives states the power to enact RTW laws that effect private companies and unions in their state. It came out of one of those twisted hard-to-explain political compromises when Taft Hartley was being debated in the Congress in 1947. There was a bitter battle between the Congress and President Truman. Southern Democrats joined with northern Republicans to enact the Taft Hartley Act, which was meant to cripple many of labor’s most valuable tactics when organizing and bargaining for a contract. Failing to get “national” right to work in the federal bill, southern segregationists and Republicans inserted Section 14 (b) in the law, which gives states the power to enact RTW laws. After President Truman vetoed the bill, the combination of southern Democrats and Republicans voted to override the veto. Southern segregationists then moved quickly to enact RTW in southern segregationist states and for many years RTW was mostly confined to southern states.

### Why has the RTW movement gained momentum and moved into Western and Midwestern states?

The RTW movement has grown into a very large, well financed, intricate web of partnerships between corporate America and the political right wing. For corporations the aim is to lower labor costs and for those in the right wing of the Republican Party it is to reduce labor’s impact in elections, since union members usually support progressive Democratic or moderate Republican candidates who advocate for legislation that supports working families, the unemployed and the poor. At the hub of this network is the National Right to Work Committee (NRTWC) with headquarters in the Virginia suburbs just outside of Washington, D.C. It was formed in 1955 and has established independent committees in many other states such as Michigan, Indiana, Texas and New Hampshire. According to reports filed with the Treasury Department, the NRTWC received contributions of \$10.7 million in 2012 — down a bit from \$14 million received in 2011. This substantial budget supports 550 employees who carry out a wide range of anti-union activities, including lobbying in states and at the federal level, assisting states and the Republican Party with campaigns to pass RTW laws. Their stated goal is to enact RTW in every state of the union.

The tentacles reach further. The National RTW Committee supports and

## Q & A on Right to Work Laws

solicits funding for the NRTW Foundation, which files lawsuits against unions. Approximately 50 employees work at the Foundation. They have even filed suits involving union organizing campaigns (Dana Corp. and Auto Workers and in the Cintas laundry workers campaign by the Teamsters).

The NRTW Political Pac is a political fund that supports candidates friendly to RTW laws. An example of their activity is in 2002 when they ran ads against six incumbent Republicans and against Democrats Mary Landrieu (LA) and Mark Prior (AR) in the Senate races because they refused to introduce RTW laws.

And they fund something called the National Institute for Labor Relations Research (NILLR) that spews out questionable research on alleged union abuses and the economic impacts of RTW. Their data has been repeatedly discredited and even the NILLR states that they cannot guarantee the accuracy of their data. A professor at the University of Texas law school, Julius Getman, testified before the Senate in 1997 that one of NILLR centerpiece reports was filled with misleading and erroneous statements.

The vast network includes the U.S. Chamber of Commerce and corporate backed political groups like Alliance for Worker Freedom

### Who funds the National Right to Work Committee?

Treasury Department forms filed by the NRTWC do not reveal the names of companies, individuals or foundations that contribute to this massive anti-union organization. The NRTWC prefers to keep this information secret because the group claims to be “worker advocates” --- another public relations fiction. But even without the names of contributors it was clear from a 1974 lawsuit that the lion’s share (84%) of the NRTWC budget is funded by corporations and employers. Anti-union companies indirectly fund the NRTW Committee through their foundations. For example, the Castle Rock Foundation, funded by the anti-union Coors Brewing Company, and the Walton Family Foundation (Walmart) are contributors. Also, it is telling that in 1997 court case with the United Auto Workers the NRTW Foundation boasted that over 350 Presidents and Chairmen of the Board listed in Dun & Bradstreet’s Directory of Million Dollar Corporations were associ-

ated with it. This enormous and generously funded effort is aimed at one thing — saving corporations money at workers’ expense.

### Could RTW impact my earnings and benefits?

There is no question that the purpose of enacting and maintaining RTW laws is to ramp down wages and benefits — or at least moderate the rate of increase. That was part of the pitch made to Republican legislators in Indiana and Michigan: “Be competitive with neighboring states by reducing labor costs to entice new companies into your state.” Research by the Economic Policy Institute clearly disputes the claim. EPI found that RTW was not a factor when companies made a decision to locate a new plant in Indiana, but nevertheless, the perception persists. EPI also points out that in states with RTW laws the average worker earns \$1,500 a year less than workers in non-RTW states. But this does not mean that every plant in a RTW state must accept lower wages and benefits. Employers will certainly try their best to divide the union by pitting members against non-members in order to weaken the union and, thus, gain an advantage. But union plants throughout RTW states in the south, Idaho, Iowa and elsewhere have resisted efforts by individual employers to leverage RTW to cut compensation costs. They have done this by redoubling efforts to sign up every worker in the plant as a union member, by doing education programs, and by communicating effectively and often (See the accompanying article “RTW: Meeting the Challenge Head On” by Dan Walbrun).



Kevin Suttorp, Local 1615 in Grand Rapids, MI, attended a meeting February 19th to review with CIC officers and staff the implications of the new right to work law taking effect in Michigan. Suttorp said, “RTW is a ridiculous law. The companies behind it just want to weaken unions financially. Even if you are a Republican you have to see it’s a flawed law. All of our pay increases and benefits, the long-term folks will remember, have come from union contract negotiations. It’s not just money we’ve gained from our union contract. There is safety, more worker rights and job security. Management has fired some people unjustly and I can remember at least four of those that got their job back because the union fought for them. There is better job security with a union. When someone told me they might get out of the union, I told them you should support the union for yourself because we need a strong union and you should stay in the union because it will mean a better future for your kids and grandkids.”

# RIGHT-TO-WORK AND OPEN SHOP: Meeting the Challenge Head-On

By Dan Walbrun

Attacks on workers' rights the past year in Indiana and Michigan with passage of so-called right-to-work laws has changed the playing field for local unions in those states. The new law prohibits unions and management from negotiating union shop or agency shop fees in their collective bargaining agreements.

While these laws are often sold as "worker rights" or "job creation measures" they are, in reality, meant to undermine the union's ability to negotiate fair wages and to provide a safe and just work environment. These mislabeled laws do not give workers a right to employment and they do nothing to support workers who are struggling to make ends meet at the end of every month. In addition, right-to-work causes divisions between those who pay the dues that finance the union's bargaining and representational efforts and those who do not pay dues but receive the same benefits and representation rights as union members (by law).

## Union Plan to Deal with RTW



How should a local union respond to a newly enacted RTW law and the reality that membership is completely voluntary? First, it is

important to recognize that things have changed. Old assumptions won't work anymore. For example, all workers may not be motivated to join the union when the union shop clause is eliminated from the contract. Secondly, the question must be asked if there are any barriers that might discourage workers from joining the union. If so, those need to be taken down. And finally, the officers/leaders of the local union cannot assume that current or potential new members know what the union does to improve the lives of workers in that facility.

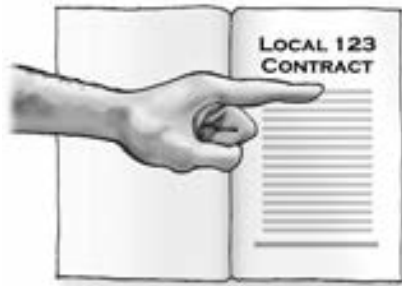
To deal with these issues it is essential to have a proactive plan to educate, to be more visible, to be effective communicators and to have a system in place for actively signing up new members.



## Welcoming New Employees

Being proactive on the job means a union officer or steward welcomes a new worker the first day they appear on the shop floor. The new person is shown around and the union officer or steward offers to be a source of information concerning the union and the contract. The union steward is usually responsible for this first contact since a steward covers most all departments and all shifts. Some locals in southern RTW states conduct training on how to do this first contact. The key point here is that each steward, member or officer knows who is responsible for making that first contact in each work area. This initial introduction opens

the door to further discussions later about the union, why it is important to have full participation, a strong, united local union and how everyone working together has made it possible to improve working conditions.



## New Member Orientation

Some local unions have negotiated time for the union to meet with new employees as they go through their initial orientation. The new employee is given the opportunity to meet with a union officer, on company time, to receive a packet of information on the union, learn about the steward system, how the contract works in a general way and who they can call on when they have a question or a problem. This is, of course, only a first step in these programs because it needs to be followed up by a welcoming and helpful steward or union officer when the new employee reports to his/her department.



## Union Officers as Teachers

Many workers have no previous union experience so one of the first questions should be whether or not they have ever worked in a unionized plant. This question opens the door for a more in-depth conversation about how the union works. This is a good time to dispel any misconceptions the new worker may have about unions. These conversations should be carried out during lunch or during breaks---not on company time. When the local is thinking about the best members to welcome new employees think of those members who are people oriented and personable.

Many local unions in RTW states ask new workers to sign a membership application and a dues deduction form within days or a week of hire even though it is before they complete their probationary period. It is important to remember that these forms cannot be turned over to the company until those workers have finished their probationary period — this is an example of being proactive.



## Making the Union Visible

Union visibility is a big part of being proactive in the workplace. Providing union hats, tee shirts or union buttons is a good start. Officers and stewards should make it a point to talk about what's going on in the union and urging everyone to attend union meetings. It helps when the agenda for the meeting is posted on the bulletin board before the meeting. This encourages wider participation. Having well-run meetings may seem to be a strange way to encourage union membership, but short meetings that handle all the union's business let's everyone know they belong to an organization that knows what it's doing. Bad meetings reflect poorly on the union when they are discussed on the shop floor. Likewise, good meetings create a positive light for the union.

Local unions with a high level of member participation usually have a number of social activities throughout the year. These events are fun and allow members to get to know their fellow members. Picnics, baseball games, fishing or golf tournaments can all promote solidarity and good will. This, in turn, leads to a feeling of belonging to something bigger than self and a higher level of commitment.

Involving members in community events, charities and celebrations is another effective way to create visibility and a way to show people that the union cares about others.

Good communications is no accident. Good planning can create communication channels to keep members in the loop, to educate members on issues and to rally members when that is necessary at bargaining time or when a key arbitration case is coming up. By using a newsletter, facebook, leaflets, one-on-one communication networks to keep members up to date on the good things the union is accomplishing members gain a deeper understanding of the value of the union. Even when there is bad news it should be reported. The union is in the best position to explain and to be forthright and up front about what happened. It is important to be open and to let the members know that even though the union can't win every grievance case they come to realize that the union is fighting for fairness when it comes to things like discipline, job bidding or unsafe working conditions.

## Excellent Representation

The importance of effective representation cannot be overstated. Make sure stewards are properly trained and that they know their legal rights and responsibilities. Some local unions have begun holding regular stewards meetings with the officers



to go over contract language that may be causing particular problems, to check how the welcoming of new employees is proceeding or to educate on some issue such as Family Medical Leave. This becomes the launch pad for communicating with the members throughout the plant concerning those issues and/or problems.

## Removing Barriers to Membership



Sometimes local unions create obstacles to union membership. In an open shop environment these must be eliminated. For example, initiation fees are nearly always waived in RTW states. It is easy to do because the Carpenters Industrial Council has been granted a standing dispensation by the UBC on initiation fees for open shops. Members like to know how their dues money is being spent. To answer this question and to be totally transparent some locals periodically put out a chart showing how dues money was spent during the previous year.

## Incentives For Members



Some locals have developed benefits for members only. Examples are life insurance policies, the Carpenters Industrial Council wellness card that qualifies members for discounts on prescription drugs and even discounts at area stores.

No one thing the local does will guarantee success, whether trying to maintain existing membership or when recruiting new members. But a comprehensive game plan with several components represents a huge step in the right direction. As the old saying goes, "failing to plan is planning to fail". Consider which two, three or four things the local might be able to do well and build a program around those things.

It is in everyone's best interest for the local union to maintain a high level of membership in the workplace. It is important because numbers matter. We all know that it is almost impossible for a single worker to be heard but when workers stand united together the employer gets the message. When workers are united they are a force to be reckoned with — even when the issue might effect only one worker.

*Dan Walbrun is a representative for the United Brotherhood of Carpenters and is assigned to the industrial section of the union. He worked in a Wisconsin door plant, did organizing for the UBC and was the Executive Secretary-Treasurer for the Midwestern Industrial Council from 1997 to 2006, when it was merged into the CIC. He has been a member for 38 years.*

# Indiana #1155 Makes Major Change To Deal with New Right-to-Work Law

The effective date for the Indiana right-to-work law was set at the time a collective bargaining agreement is renewed, extended or modified after March 14, 2012. The very first CIC bargaining unit that fell under this provision was Local 1155 in Columbus. Their contract expired in July 2012. The local was wading into unknown waters and was faced with bargaining a fair contract with the new RTW law looming overhead.

The local union leadership and their Representative, Harry Alfrey, decided they would have to change the way contract negotiations were conducted because they knew that any agreement reached would not contain a contract clause that required workers who receive all benefits under the contract to be a union member and to pay dues (commonly called a “union shop” agreement).

The first thing Alfrey and the leadership did was to request Doral Juvenile Furniture Group to be neutral concerning employees’ decision to join or not join the union.

“The company agreed and stated that if an employee asked a company supervisor about membership in the union, the supervisor would refer that person to the union steward,” said Alfrey. “The company felt this decision was between the employee and the union and they kept their word and never interfered.”

### Face-to-Face Communications the Key

Instead of doing in-plant flyers the leadership opted to do weekly meetings for the members. Those started in May and all members were invited to the union hall, just three blocks from the plant. These informational meetings were divided into three sections. First, Cliff Kerce gave a report on what was going on in the state Legislature that had an impact on the lives of working people in Indiana. Secondly, there was a report on activities and events in the local union and then the bargaining committee reported on contract negotiations — company proposals, union counter-proposals and the blow-by-blow description of what was going on across the bargaining table. A member of the bargaining committee, Beatrice Betancourt, is fluent in Spanish and she translated for Spanish speaking members.

CIC staff helped with these meetings. Dan O’Donnell, Membership Mobilization Director, and Alex Irribarren, Organizer, were on hand to answer questions and to handle the signing of authorization cards.

Each week attendance at these meetings grew and finally, the local moved the meetings to the fairgrounds in order to accommodate the larger crowds.

“I have never before witnessed such an outpouring of membership interest and participation,” noted Alfrey. “This was the most informed membership for contract bargaining I’ve ever seen and I think it made a big difference in two ways. First, the company saw the growing numbers at the meetings which meant the membership was together and



Pictured left is the Local 1155 Negotiating Committee that used some new communication approaches with the membership during negotiations to educate and encourage every worker to sign up for union membership as the Indiana right to work law was taking effect. Left to right is, Harry Alfrey, CIC Rep, Dwayne Dauton, Mike Graham, Tammy McCormick, Brenda Moss, Judy Anderson and Alex Irribarren, CIC Organizer. Beatrice Betancourt, also a member of the committee, is not pictured.

determined to get a fair contract settlement. Secondly, it educated our members on right-to-work and the need for everyone to sign up as a union member to show unity and strength.”

As the contract expiration date approached there were still many workers who had not yet signed an authorization card. Chief Steward Judy Anderson decided to take a day off work and contact all those employees. “I was able to sign up all but 30 while they were on lunch break or on their 10-minute breaks,” said Anderson. “For those who had questions or concerns I said to them, ‘honestly, the union isn’t always perfect, but as your Chief Steward I will do my best to do everything that is possible on your behalf if you have a problem.’” Anderson continued: “Most employees at Doral know me. They know I really care and they know I have a pretty good record on grievances taken to the company. This gave them the confidence to sign a union card.”

When Anderson approached Refugio Vazquez on second shift he took a stack of cards and signed up nearly everyone on that shift. “He was amazing,” Anderson added.

The change made in the way contract bargaining was done was radical, but it had a positive effect. An amazing 98 percent of the Doral workers signed cards and, with such strong backing, the negotiating committee was able to persuade the company to back away from some rather drastic concession demands and to include wage and benefit improvements in the new agreement.

The local is following up this successful communications campaign with a newsletter and an incentive for members to attend regular union meetings — to stay informed. There is a drawing at each meeting for \$50. All union members are eligible to win, but the person drawn must be present. The prize, if unclaimed, goes up by \$50 each month to a maximum amount of \$650.

“We are excited about the newsletter and have a contest going to name it,” said Anderson. “The membership was really pleased to see this first newsletter. It generated a lot of enthusiasm.”

*“I have never before witnessed such an outpouring of membership interest and participation. This was the most informed membership for contract bargaining I’ve ever seen and I think it made a big difference ...”*

Frank DiMatto (l) and Darrell Cass of Local 1615 thought the class on how the union should respond to the new Michigan RTW law was very useful. DiMatto commented, “I’m telling everyone at my Local that we need to stick together. The only reason we’ve been able to negotiate decent wages is that we have stuck together. We also need to get involved politically in Grand Rapids and support Rep. Dillon, who stood up and opposed right to work when it was brought up in the House. Let’s support our friends and campaign against every politician who voted for this anti-union law.”

Cass said: “If we don’t stick together, this company will take things away from us. The key to our future is to talk to new employees immediately about the union and why they need to join. We’ve done hot dog picnics at the park close to the plant because it brings people together. It’s important to get everyone’s input and get them involved in contract negotiations. We need to do everything we can to bond workers together.”



### WHERE MY RIGHTS AND BENEFITS COME FROM

Benefits/Rights	Contract	No Contract
Law		
Just Cause for Terminations	Yes	No
Time off for Breaks and Lunch	Yes	30 min. if under 18 yrs.
Paid Holidays	Yes	No
Paid Vacation	Yes	No
Time and a Half after 40 Hrs.	Yes	Yes
Time and a Half after 8 Hrs.	Yes	No
Pension	Yes	No
Right to File a Grievance	Yes	No
Right to Arbitrate a Grievance	Yes	No
Layoffs by Least Senior Employee	Yes	No
Recall from Layoff by Seniority	Yes	No
Retain Seniority While on Layoff	Yes	No
Unpaid Credit Time	Yes	No
Shift Preference	Yes	No
Job Bidding	Yes	No
Premium Pay	Yes	No
Report in Pay	Yes	No
Call in Pay	Yes	No
Bereavement Leave	Yes	No
Jury Duty Pay	Yes	No
Health Insurance	Yes	No
Sick Pay	Yes	No
Life Insurance	Yes	No
Yearly Pay Increases	Yes	No
Seniority Bonus	Yes	No
Job Classifications	Yes	No
Job Classification Pay Rates	Yes	No
Right to Negotiate Contract	Yes	No
Right to Strike	Yes	No

The chart above was used in several of the weekly meetings held by Local 1155 to help members understand that the labor contract was the source of most of the rights and benefits enjoyed by Doral employees. For example, it was the contract, rather than “no contract” or the law that provided things like paid vacations, paid holidays, job-bidding rights, and the right of recall based on seniority. This was an eye-opener to many members. They saw that signing a union membership card would clearly help maintain and protect those rights and benefits.



## In Taylorsville, Mississippi

# Local 2086 Uses Systematic Approach to Sign Up New Employees

The right to work law in Mississippi is approaching sixty years old. It was enacted in 1954. Hardly anyone remembers a time when there wasn't a RTW law in effect.

This has required local unions in Mississippi to be inventive, adaptive and to develop ways to draw in new members and to keep existing members from dropping out.

Local 2086 in Taylorsville, MS represents workers in a large plywood/stud mill complex. "We lost a lot of union members during the layoffs during the terrible housing slump," said Leonard Keyes, President of the local union, "but, fortunately, we're now seeing more people called back to work as housing picks up and plywood prices improve."

This presents new problems for the local union because those coming into the plant may not be familiar with how the union and union contract works to protect everyone.

"Our local has really stepped up efforts to contact new hires just as soon as they come through the door," said Keyes. "This is an essential part of our program and our vice president Jerry Pugh does an outstanding job of contacting new employees. We call him the bulldog because he is so determined and passionate about signing up new workers."

Keyes points out that the training that Local 2086 officers and stewards received from the CIC and the UBC has been central to their daily effort to build a stronger, more unified membership. This training led to a more strategic approach. New employees' names are slotted into a chart showing where they work and their shift. "That way we can

determine who the best person is to talk to the new person about the union. Sometimes we even find a friend to make that first contact." continued Keyes. "It is a much better systematic approach and works better than just trying to catch every new person who comes through the door."

When new hires are contacted they are asked to join and to sign a union membership authorization card for a dues deduction from their paycheck. The steward then holds this authorization until the worker has completed the probationary period and officially becomes a permanent employee.

Keyes also pointed out that effective grievance handling can get employees excited and positive about joining the union. There were several grievances in the maintenance department that involved employees who weren't union members. "We tackled those grievances and did a good job with them and when those workers saw the importance of having good union representation they joined. It even had a ripple effect as other workers saw what happened and they also joined," said Keyes.

"We've built a good reputation with the company," Keyes continued. "It took



Leonard Keyes is pictured above addressing delegates at a CIC convention. Keyes is President of Local 2086 in Taylorsville, MS, a local that has developed a systematic way of identifying new hires and then contacting them promptly about joining the union.

some time but now there is mutual respect and the end result is that we are able to settle more problems without being antagonistic. I like to think that our professional approach also says to people that we are an organization that people want to belong to."

The contract opening is approaching and, as a consequence, the local will put a concentrated focus on bringing more workers into the union. "We'll work hard to point out that joining the union will make us stronger and more effective at getting a fair contract. I'm convinced that the company looks at the membership numbers before entering contract bargaining to get a feel for the level of support for the union. We need to show them we're an 85 or 90 % union."

# Tax Rates for the Wealthy Moving Up To Correct Past Inequities

Little noticed in the April 1st federal budget cuts (called sequester) was the "Buffett Rule", named after the billionaire investor Warren Buffet.

It is a gradual phase-in of tax increases for people making \$1 million a year until they reach 30 percent of income. The rule targets millionaires who make most of their money from investments — capital gains and qualified dividends, which now have a top rate of 20 percent.

"It's fairness," said Missouri Senator Clare McCaskill. "We're not raising taxes with the Buffett rule as much as we're correcting an inequity in terms of, one guy can be working at one end of the hall and because he's working with hedge funds, he gets taxed at 20 percent. Another guy at the other end of the hall is on a salary and he has to pay between 30 and 39 percent. That's just not fair."

An independent study by the Tax Policy Center, in fact, reveals that tax rates for the wealthiest Americans are moving upwards even without the Buffett rule — back to what many economists consider a more "progressive" tax system which means those with higher incomes pay higher tax rates than those in the middle and lower income brackets. It is an "ability to pay concept". Unfortunately, all the tax reductions enacted over the last thirty years have flattened out the tax rate curve and made it more "regressive". This made it tough on the middle class and lower income groups.

By historical standards the top income tax bracket (39%) is still rather low. During the robust Eisenhower years in the 1950s the top rate was 91% and during the Johnson-Nixon years in the 1970s the top rate was 70%.

For 2013 families with incomes in the top 20 percent will pay an average of 27.2 percent of their income in federal taxes. The average family in the bottom 20 percent of households won't pay any federal taxes according to this study. Instead, many families in this group will get payments from the federal government by claiming more in credits than they owe in taxes.

It is estimated that the middle 20 percent — those averaging \$46,600 per year — will pay an average of 13.8 percent of their income in federal taxes in 2013. This is actually a decrease from the last three decades when the rate was about 16 percent.

# Settlement Reached at Pennsylvania Trailer Manufacturing Plant

Members of Local 2786 at Summit Trailers in Summit Station, PA, were glad to see the turnaround in the economy. In 2010, during the depth of the recession, the membership voted to accept wage reductions in an effort to keep people working. In sharp contrast to three years earlier, 2013 contract negotiations produced

a settlement with improvements in wages and benefits.

"People weren't jumping up and down with joy but this contract is definitely a step in the right direction," said Tony Trabosh, President of Local 2786. "We realize it is extremely difficult to make up for past wage reductions in just one contract."

Due to the improved economy and increased orders for the specialty dump trailers built at the plant, the bargaining committee was able to negotiate a new agreement with an 85 cent per hour increase the first year, 36 cents the second year and 36 cents the third year. The cap the company will pay on the monthly health insurance premium was increased by \$50 in 2013, and another \$25 in each of the second and third years of the contract. The cap is \$600 for 2013, \$625 for 2014 and \$650 for 2015. In addition, vacation time can now be taken one day at a time.

Summit Trailer started making high end, top quality dump trailers in 1970 in a plant with 25,000 square feet. The company has expanded over the years to 100,000 square feet. Summit Trailers makes several models of trailers using both aluminum and steel units in a frame or frameless configuration. The company depends on a very skilled and experienced union workforce to turn out these quality trailers.



Allen Schrader, a member of Local 2786 in Summit Station, PA, is shown making parts that will go into the Summit Trailer Sales specialty dump trailers made from aluminum or steel.





## Three-Year Agreement Signed at GM Plant

On December 27th, members of Local Union 1123 voted to ratify a three-year contract at Facility Solution Corporation, based in Michigan. FSC is a "third tier" contractor that supplies maintenance manpower to GM at their facility in Toledo, Ohio.

Terms of the contract settlement include a seventy-five cent per hour pay increase in year one, almost across the board, except for a few highest paid employees who have their pay capped. There is a \$550 bonus in year two and another \$550 bonus in year three. The Union Negotiating Committee included Scott Hassell and Corey Nicholson.

"I felt negotiations went well. The guys on the negotiating committee did a good job," said Council Representative Darrell Robertson. "Union members now have the stability of a three year deal. There was back in forth like normal in negotiations but I think we came up with something that works all around."

## Member of Local 1155 Reinstated After Being Terminated for Off-Work Marijuana Use

When an employer terminates a worker the company has the responsibility to prove there was "just cause". There are certain tests for meeting this just cause standard and Doral Juvenile Furniture Group did not meet this test when terminating Brian Streeval on August 9, 2012. That was the ruling from the arbitrator that brought Streeval back to work with full back pay.

Streeval was arrested by the Columbus police on August 1, 2012 for possession of marijuana and abuse. The company was made aware of this arrest and when Streeval returned to work on August 9th, the company required him to take a drug screening test. When the test showed the presence of metabolites of marijuana the company terminated him because he was in a safety-sensitive job, driving a forklift.

Local 1155 filed a grievance and argued that the company did not have proper cause to require a drug test when Streeval returned eight days after the arrest. As the case was appealed through the grievance steps to arbitration one of the main points raised by the union was that under Doral's drug policy, off-work use of alcohol and marijuana was not prohibited. The policy is clear that a drug test can only be initiated when management believes an employee is impaired (based on unusual behavior) when reporting to work

and unfit to work and perform the assigned duties in a safe manner.

Random testing is not permitted under the company policy.

The arbitrator ruled in a decision issued March 13, 2013, that it was not unreasonable for the company to require Streeval to take a drug screening test when he returned to work, due to the safety-sensitive nature of his job. But he went on to say that the small amount of metabolites of marijuana found in the urinalysis did not prove Streeval was impaired or could not perform his job in a safe manner. Thus, the "triggers" in the drug policy that would cause a test to be ordered were missing. Those triggers are reporting to work impaired and unable to perform the job safely or when an accident or near-miss occurs.

Streeval had never previously been ordered to take a drug screen due to an accident or a near miss.

"I am very happy with the arbitrator's decision," said Brian Streeval. "I have been off for eight months and the back pay will be extremely helpful. The union represented me very well and it shows people what the union can do when a person is unjustly terminated. Every worker needs that support and backup."

## Union Wins Job Back for Terminated Hotel Employee

Hotel employee and Local 2077 union member Cassandra Blake was terminated in July for alleged "insubordination and disrespectful behavior," a terminable offense under the terms of the collective bargaining agreement.

No one disputed that words were exchanged.

"The supervisor yelled at me, pointed a finger in my face and insulted me. I just told him, 'you can't talk to me like that! I have rights. I'm doing my job,'" said Blake.

Blake's stewards were Stephanie Huber and Mike Espinosa and they immediately contacted Council Representative Darrell Robertson. A grievance was filed on Cassandra's behalf.

The manager claimed Blake was terminated because she had been assigned to vacuum a hallway and had refused. This, the supervisor said, was insubordination. However, another union member

witnessed Blake vacuuming the hallway that had been assigned to her.

After a 3rd step grievance meeting, where the union reps laid out the facts of the case, upper management reinstated Cassandra Blake with back pay which is undisclosed. Management would not admit fault but the supervisor who fired her is no longer employed by the Park Inn hotel in Toledo, OH.

"I have two kids and bills to pay. I am just so thankful I have a union," said Blake.

"When management is wrong, we can speak up and tell them, 'Hey, that's not right.' We wouldn't be able to do that without the union. I know from personal experience the union really does help. I tell people if they don't have a union where they work they need to get one."

## Local 2794 in Mattoon Settles with Wisconsin Veneer and Plywood

Members of Local 2794 in Mattoon, Wisconsin voted on March 1, 2013 to ratify a new three year contract with Wisconsin Veneer and Plywood.

The settlement includes raises of 2 percent in the first year, 1.25 percent the second year and 2 percent the third year. Accident and Sickness benefits were improved and the number of hours to qualify for vacation was reduced.

President of the local, Nicole Duchac, said, "The negotiating process went better than I thought it would and the membership was positive about the outcome. I think they felt the committee did the best they could do."

Cheryl Hargitt, Vice President and also a member of the negotiating committee added, "We had bad luck with management in the past but this time around there were good and respectful discussions."

Importantly, some of the small irritations were cleared up. Hargitt noted that in the past the company sometimes sent people to lunch up to two hours early. This meant a very long period of work after lunch with no break. "The company listened to this problem and made a clarification that they would no longer send people to lunch before 11:00 am," said Hargitt. "There was some good give and take that will make it easier to live under this new agreement."

Wisconsin Veneer and Plywood is part of Besse

Forest Products Group operating throughout Wisconsin and Michigan. Headquartered in Gladstone, MI, the company is a leading manufacturer of high quality northern veneer, lumber and plywood. The company owns six veneer cutting plants, two, veneer slicing operations, one cut-to-size plywood plant and eight sawmills. It also owns and manages timberlands which are managed on a sustained yield basis. The company's plants are:

Butternut Veneers, Butternut, WI  
 Birds Eye Veneer, Butternut, WI  
 N. Michigan Veneers, Gladstone, MI  
 Newberry Lumber, Newberry MI  
 Baraga Lumber Co, Baraga, MI  
 Birchwood Manufacturing,  
 Rice Goodman Veneer & Lumber,  
 Goodman, WI & Lake, WI  
 Hatley Veneer, Hatley, WI  
 Abrams Lumber, Little Suamico, WI  
 Drummond Lumber Co, Drummond, WI  
 Wisconsin Veneer & Plywood,  
 Mattoon, WI

The company started in 1966 in Gladstone, MI by John Besse. It is still privately owned.

## Settlement Reached at Calmar Custom Millwork Shop in Iowa

Orders have been slow the last few years at Calmar Manufacturing in Calmar, Iowa. The shop has gotten by making specialty cabinets, countertops and medical nursing stations.

Considering the lingering weak market conditions, contract negotiations with Local 2831 went pretty smoothly. "Management brought a real good attitude to the table and our members are very understanding," said John Murray, a member of the negotiating committee. "It's good when the company makes money, then we can also make money."

A four year agreement was voted and approved by the membership. There is a freeze for the first year and then it provides for a 2 percent wage increases for the remaining three years. The company will increase their contribution to the 401(k) plan by 2 cents per hour, 3 cents and 3 cents the last three years of the contract. The company is currently paying in around 90 cents per hour. The company also agreed to make their contributions to employee's individual accounts every week (after completing the first 1,000 hours). Before, the company contributions didn't go into the accounts until year end.

Health care was the biggest challenge. Finally, the committee agreed to present a proposal to the crew that contained employee premium sharing for the first time. "Our members were very realistic about the health care issue," continued Murray. "Because we're one of the last shops around where the employer pays the entire premium, our members knew the day would come when they would have to bite the bullet. The blow was softened a bit with a \$200 bonus to help offset the employee payment toward the premium. But even with the change in health care, I think we held our own with a contract we can live with."

## Dennis Harmann Retires From Algoma Hardwoods

After 46 years in the Algoma, Wisconsin, door plant, Dennis Harmann will shut down his alarm clock and retire.

Harmann started at Algoma Hardwoods in September 1967 and worked through several departments and job classifications: pressman, sander operator, CNC router operator, leadman and saw operator. Harmann has been around long enough to see five different ownership and name changes for the company. When he started it was U.S. Plywood, which changed to Champion International.

In 1977 Champion closed and a group of managers and local investors bought the operation and reopened it. They named the company Algoma Hardwoods.

In 2006, this local group sold the company to the private equity firm Industrial Opportunity Partners (IOP) based in Evanston, Illinois — a group that typically holds a company for several years, makes efficiency and downsizing moves and then resells at a profit. In this case, it only took two years for IOP to turn a profit on Algoma Hardwoods. IOP sold to Masonite International Corporation in the spring of 2012.

When Harmann left the plant it was the first time in 76 years that a member of the Harmann family did not punch the time clock at Algoma Hardwoods. Harmann's dad started in the door plant in 1937 and retired in 1977. In addition, several cousins and uncles worked there.

When Local 1521 needed a trustee Harmann willingly stepped forward and



served from 1980 to 2013. He also filled the steward position in his department from 1988 to the time of his retirement.

Harmann became a member of the safety committee in 2008 when a union member was needed to round out the committee.

"I always enjoyed working with our team to get better wages and working conditions for our members," he said. "The work as a steward was also very satisfying because I was helping people. I especially remember a couple of times when the company disciplined people and my investigation showed that the company had made an error. The disciplinary actions were removed and I still remember the look of shock on the faces of the supervisors."

"Dennis is a real steady trooper and he takes seriously his responsibilities to the membership," said Todd Zimmerman, President of Local 1521. "Dennis was a veteran of the Vietnam era and his military ideals of loyalty, duty, honor and service were seen every day as he went about his work and carried out his union duties. He did it without a lot of fanfare. He was just straight-ahead and committed to doing the job right."

Harmann also believed in giving back to his community. He is a member of the volunteer Fire Department for the city of Algoma.

In retirement Harmann plans to travel in the United States, visit grandchildren, catch up on some fishing and continue with his extensive gardening projects.



## Members of 2077 Win Back Bonus Pay After Company's 'Unilateral Change'

Union members of Local 2077 who work at the Park Inn Hotel are proud of the work they do at this luxury hotel in Toledo, Ohio. And they are glad to have a union there. In recent years, the hotel came under new ownership, and with that, management made several changes but even with all the changes the union contract stayed in place.

In the fall of 2012, a newly-hired hotel manager unilaterally took away bonus incentive pay to hotel housekeepers without negotiating the change with the union. Stewards Stephanie Huber and Mike Espinosa promptly filed a grievance.

Under the terms of the collective bargaining agreement, the employer must pay a bonus for every room over 16 rooms a housekeeper cleans during a single shift. There is also an attendance incentive of \$25 a month if employees aren't absent from work.

The grievance was resolved in the 3rd Step of the grievance procedure. Eight housekeepers are once again eligible for the "room buy" bonus incentive and 28 workers are now eligible again for the attendance bonus. The workers who had been denied those bonuses since July 2012 were paid "an undisclosed amount" by the company to settle the grievance. The company did not admit any wrongdoing and the union agreed the grievance was settled. It was a victory for the hotel workers and every worker who had lost out on the bonuses was made whole, with back pay.

## Indiana State Legislature Hosts Page Program for Kids

Indiana's page program is for kids 13-years-old or who are in the sixth grade or higher.

Cliff Kerce, a member of CIC Local 2133 in Corydon, Indiana, has been active at the Indiana Legislature since 2012, when he worked to turn back the right-to-work law. He has remained active promoting labor friendly candidates and working on legislation that would help working families.

Cliff's enthusiasm must have rubbed off at home, because his daughter Autumn decided she wanted to learn more about the legislative process. There is no better way to do that than through the page program. For one day students are excused from school. They come to the capitol in Indianapolis and are given a tour of the Statehouse, House Chamber, Senate Chamber, the governor's office and the Supreme Court.

It is a behind the scenes glimpse into the workings of the Legislature. They have an opportunity to meet with their legislator and are allowed on the floor of the House to observe the proceedings.

Autumn asked her friend, Bailey Gilmore, to join her and on February 5 the two visited the State Capitol for their day as pages.

The day started out with a scavenger hunt to acquaint the young people with

the capitol grounds. Autumn reported that there are 19 statues on the capitol grounds and only one of them was a true Hoosier (born in Indiana). "I was nervous when all of the pages had to go up to the front of the House chambers and be introduced, but everyone was very nice," said Autumn.

She was lucky to be there the day that former state senator Vi Simpson was being honored for her years of service. Mrs. Simpson met Autumn during her unsuccessful run for Lieutenant Governor last fall. They hit it off right away because of their mutual admiration for Indiana University. Simpson was a professor there and Autumn wants to attend IU in another six or seven years.

Autumn and Bailey also met with Representative Lloyd Arnold, the legislator representing the district in southern Indiana where the Kerces live.

The House was considering a bill to make cursive writing mandatory in all elementary schools. Observing the debate, Autumn and Bailey weren't sure this was a good idea since it might lead to more homework.

The most important lesson for the pages-for-a-day was an appreciation for their responsibilities as citizens — to vote, to be informed and to know that they can and should weigh in on legislative issues important to them and

their fellow citizens. And they learned that legislators are real people and they

shouldn't be afraid to approach and talk with them to share ideas and opinions.



Autumn Kerce and Bailey Gilmore are pictured above with their House Representative, Lloyd Arnold, in the Indiana State House Chamber. Autumn, daughter of CIC member Cliff Kerce, Local 2133 in Corydon, IN., and her friend Bailey participated in the page program which gives young people a behind the scenes look at the legislative process.

## Trade Cost Workers Without College Diploma \$1,800 a Year

Our trade policies hurt lower skilled Americans more than it hurts those who are college trained. Josh Bivens of the Economic Policy Institute found in a recent study that trade with developing nations such as China reduced the wages of a typical American worker without a college diploma by 5.5 percent in 2011. This adds up to \$1,800 a year for an individual.

This finding contradicts a 1995 study by economist Paul Krugman, which concluded there wasn't much effect at all on the incomes of low-income workers in the United States.

Trade theory says that countries engaged in international trade move to specialize in those areas where they have a competitive advantage. America has been specializing in things/services that require more educated workers while developing countries specialize in low-skill work.

Since the Krugman study just 17 years ago, there has been a pronounced increase in imports from developing countries and with that shift a toll has been

extracted from low/middle income workers.

"This trade," Bivens states, "has had a powerful effect on the distribution of income in

America."

It has been a factor in the widening the gap between high income and low income Americans.



## DOL Cracks Down on Wage Theft

In 2011, the U.S. Department of Labor (DOL) and the Internal Revenue Service (IRS) ramped up efforts to crack down on businesses that treat workers as independent contractors rather than paying them as employees. Called "misclassification," the practice is to call an employee an independent contractor and thereby avoid paying overtime or payroll taxes to the federal and state government.

Since that time, the stepped up program has netted \$9.5 million in back wages for more than 11,400 workers.

Obviously, it is cheaper for businesses to misclassify their employees and it has become more common in recent years. Studies by several states estimate that 10% to 30% of employers misclassify workers.

In recent months regulators have demanded millions of dollars from companies that hired independent contractors to hang drywall, install cable, staff call centers, give manicures and perform other jobs in which workers were really functioning as employees.

There are several tests to determine whether a person is an employee or an independent contractor. Regulators look at the degree of supervision by the employer, whether workers supply their own tools, how permanent the arrangement is, and whether the job requires specialized skills.

One well known company that has been given close scrutiny by the Labor Department is FedEx. FedEx classifies its delivery drivers as independent contractors and efforts by drivers and the DOL to challenge that classification have been met with heavy resistance from the company. Many court cases have been filed.

States have also been more deeply involved with investigations into wage theft because they lose hundreds of millions of dollars when workers are misclassified as independent contractors. Unemployment premiums and workers' compensation premiums that should be paid into state funds are not being paid when workers are improperly labeled as independent contractors.

This problem has been especially acute as states attempt to deal with budget shortfalls.

## Thomas Perez Nominated for Secretary of Labor

Thomas Perez was named by President Obama's to be the next Secretary of Labor.

Perez has been serving as Assistant Attorney for Civil Rights in the Justice Department and has a long record of public service. Perez is a noted civil rights attorney and served as the State of Maryland's Labor Secretary from 2007 to 2009. He also worked in the Clinton Administration as Director of the Office of Civil Rights and at the Department of Health and Human Services. He also served for a short time on the staff of the late Senator Ted Kennedy.

If confirmed, Perez will be the only Latino in the President's Cabinet.

Perez is at the center of several high-profile court cases. One involves the Justice Department suit against Arizona Sheriff Joe Arpaio for alleged discrimination against Latinos. He also heads up the cases filed against Texas and South Carolina for discriminatory voting laws. He has been an outspoken advocate of Section 5 of the Voting Rights Act now being challenged in the Supreme Court.

During his time as Assistant Attorney General, Perez hired experienced civil rights lawyers. In the previous Bush Administration the practice was to hire conservative lawyers who did not



prosecute very many civil rights cases. Under Perez new records were set of criminal enforcement in the areas of human trafficking and discriminatory housing laws.

Perez is the son of Dominican immigrants. After his father passed away when he was 12 his father's friend, a teamster, helped raise him. When this mentor lost his job the Teamsters Union supported him. That support left an indelible mark on Perez.

As Secretary of Labor Perez's biggest challenges will be addressing the stubbornly high unemployment rate and drumming up support for an increase in the minimum wage.

Perez will replace Hilda Solis who left the Administration after one term and returned to her native Southern California home.

## Swiss Shareholders Given Control Over Executive Pay

Swiss citizens voted in early March to give shareholders of Swiss corporation's wide authority over executive pay.

Shareholders can now approve or block proposed compensation for corporate executives and board members. The measure also covers so-called golden handshakes and golden parachute severance agreements. It requires greater transparency on loans and retirement packages for senior executives and board members.

The Swiss people grew frustrated by the excessive compensa-

tion of executives at the top companies during the long recession and without regard to the performance of the company. Christa Markwalder, a lawmaker from the Free Democratic Party, expressed hope that this vote will send a signal to the rest of the world.

Swiss-based multinational corporations that will be subject to these new rules are Novartis (pharmaceuticals and health care products), UBS (banking and financial services), Nestle (chocolate and food) and Roche Holding (pharmaceuticals).

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