

DATE: September 23, 2016  
TO: CTA Leaders and Members  
FROM: Your CTA Bargaining Team  
RE: Bargaining Update



CTA is currently bargaining with both staff unions, California Staff Organization (CSO) and California Associate Staff (CAS), over Retirement Trust “Red Zone” adjustments that are needed as outlined by the independent actuary. We believe that the matters of bargaining should stay at the bargaining table, but do want you to know that your bargaining team is committed to continuing to provide a secure retirement to all CTA employees that also allows CTA to continue to provide support to you – our members, local leaders and local chapters.

The CTA Employee Retirement Benefits Trust is a joint trust, which means overall management and responsibilities lie with both employees and CTA leadership. The Retirement Trust includes equal representation of CTA employees and CTA leadership. The trustees have met and discussed the funding liabilities for the past two years. CTA is now meeting with the staff unions in formal bargaining to address the funding shortfalls that have been identified by the Trust’s independent actuary. The Trust was certified for “Red Zone” or critical status in March.

## CTA Framework for Addressing the Red Zone

**CTA began formal bargaining with its two staff unions on May 25, 2016, with the following framework to address the Red Zone:**

- **Do no harm.** CTA doesn’t want to create more or future liability for the Joint Retirement Trust and participating employees. We want to ensure that pension benefits are secure for all employees.
- **Shared commitment and sacrifice in the solution design.** We share the commitment to a secure and dignified retirement for all employees. As it is a joint trust, there should be a joint and sustainable solution that is fair to employees and CTA members. Over the past nine years, CTA has increased funding for employee retirement benefits and retiree health care by 21%, while the employee contribution remains at zero.
- **Protect lower-compensated employees.** CTA does not favor changing the current Early Retirement Subsidy as that would disproportionately impact lower-compensated employees.
- **Avoid liability tails.** The Retirement Trust currently has significant legacy costs and we should avoid adding even more that could impact future retirees. The current unfunded liability is more than \$105 million.

## Bargaining Schedule:

CTA offered several bargaining dates in the Spring, but the staff unions said they needed more time to meet with their members. Since May 25, we’ve met with our employee unions five times. Two additional bargaining dates were scheduled for August 25 and 26. The staff unions cancelled both of these dates, but then used one of them to hold a protest rally in Sacramento. Your CTA bargaining team has offered three additional dates, and is waiting on a response from the staff unions. We are hopeful we can resume bargaining and everyone comes to the table ready to efficiently resolve the issues.

## Our Commitment:

CTA is committed to providing a secure and dignified retirement to all employees and to negotiating a “Red Zone” solution that protects current employees, retirees and future staff, as well as ensures the financial stability of CTA to continue to serve and support our 325,000 members. Our goal is a fair and equitable settlement that provides a long-term and sustainable resolution with a cost structure that is fair to our staff and our members. The continued health and future of our organization requires commitment and cooperation by all of us. It requires an understanding of our shared responsibilities.

**We are all partners in the future of CTA.**