

CTA deal puts the heat on to avert hikes, cuts

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CTA bus drivers, motormen and other unionized employees would receive a 16 percent pay raise over five years, but those raises would be eaten up by higher contributions to health care and a pension fund on the brink of collapse, under an agreement unveiled today that puts the heat on Springfield.

"The CTA has accomplished what the governor and legislative leaders have demanded as a condition for reforming public transit funding," Mayor Daley said. "Now, the General Assembly needs to pass legislation to enable the CTA to implement the reforms in this contract. It also needs to approve additional funding – especially for infrastructure – to avoid steep fare increases and service cutbacks."

CTA President Ron Huberman said the transit agency needs \$200 million a year – through a sustainable revenue source that grows at a rate of 3 percent a year – to fund a new health care trust, retire \$1.45 billion in pension obligation bonds and eliminate an operating deficit. Without it, the CTA will be forced to proceed with its "doomsday" plan for drastic service cuts and fare hikes, officials said.

"No one wants service cuts. No one wants any layoffs. No one wants to see this. It frightens everyone," Daley told a City Hall news conference. Asked whether a CTA fare increase could be part of the package in exchange for a Springfield bailout, Daley said, "That will be taken care of later... Let's work this first."

Gov. Blagojevich released a statement saying the cta "deserves credit for showing that it is serious about improving service and efficiency. Their labor agreement and pension obligation bond plan are both big steps in the right direction.'" But the governor gave no ground on his promise to veto any increase in sales or income taxes. "I urge the Legislature to support my proposal to help CTA by closing corporate tax loopholes, so that working people don't have to pay higher fares or higher taxes.'"

The unprecedented labor agreement was handed down by an independent arbitrator with a giant assist from union leaders who have been at loggerheads with the CTA for years. It calls for 10,200 unionized employees represented by 17 unions to receive 3 percent pay raises during the first three years and 3.5 percent in the final two years. The CTA has also agreed to double its pension fund contribution – from 6 percent of payroll to 12 percent.

In exchange for those pay raises and a no-layoff clause, active employees will contribute 3 percent toward retiree health care, and double from 3 percent to 6 percent their current pension contribution. Employees hired after Jan. 1, 2008, would also be affected by benefit changes. Instead of becoming eligible for a full pension at age 55 after 25 years of service, they would have to wait until age 64.

As demanded by legislative leaders, the Illinois auditor general would have a voice, both on an 11-member "pension reform trust" and on a seven-member health care trust that would manage retiree benefits and sustain itself through investments and contributions.

The bottom line for CTA unions is an agreement that would force bus drivers and motormen to lose money during the first year, break even in the second and finally start making money in the third year. Even so, Darrell Jefferson, president of the Amalgamated Transit Union Local 241, believes he can sell it to his members.

"When you look at what's going on throughout the country, we're living in a time now when pension plans are being crashed instead of being brought back to life. And I think we've done a remarkable thing here," Jefferson said.

Since taking over for Frank Kruesi, who burned bridges in Springfield, Huberman has cut \$18.5 million in administrative expenses. Last month alone, CTA operating costs were \$1.5 million lower than the same period a year ago. Last month, the CTA unveiled the latest in a long line of doomsday plans in a thinly veiled attempt to prod the General Assembly into action.

The Yellow Line and Purple Line Express routes would shut down by mid-September, along with 63 bus routes. Rush-hour fares would rise to \$2.75 for bus riders and \$3.25 on the L. Off-peak fares would increase to \$2.25 for bus and \$2.50 for rail. An estimated 840 CTA jobs would be cut.

A few hours later, the RTA unveiled its plan to raise \$452 million a year in operating funds for the CTA, Metra and Pace. It called for a quarter-percent sales tax hike for Cook and the collar counties plus an additional one-quarter of 1 percent exclusively in the five collar counties and a Chicago-only .3 percent increase in the real estate transfer tax.

Daley has called the RTA sales tax proposal the only game in town. Never mind that Blagojevich campaigned on a promise to hold the line on sales and incomes taxes and has threatened to veto an increase in either one.