US: Verizon contract cuts benefits and clears way for layoffs

By a Verizon worker
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The contract negotiated by the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) with the telecommunications company Verizon represents a betrayal of the 65,000 Verizon workers represented by the two unions. It cuts benefits and sets the stage for the company to eliminate thousands of jobs.

The joint aim of the union leadership and Verizon was to suppress any struggle by the workers and impose a contract that would strengthen the position of the company.

The agreement was reached one week after the August 2 expiration of the previous five-year contract. The unions refused to call a strike, despite a 91 percent vote to authorize a walkout. Instead, various protest stunts were organized while the membership was kept in the dark not only about the status of the negotiations, but even about the unions' demands.

Workers and retirees will see a continued erosion of their living standards. The three-year pact calls for wage and pension increases of 3.25 percent, 3.5 percent and 3.75 percent, with a cost-of-living increase in only the final year. Already this year, the consumer price index has risen well beyond the wage increases in the contract. According to the US government, transportation costs have risen 13.4 percent since last year and energy costs are up a whopping 19.3 percent over just one year ago.

On health care, workers in New York and the New England states will be forced into a preferred providers organization, or PPO. Under the PPO, workers will be able to see only those doctors approved by the plan and will have to get referrals before seeing a specialist. Many services are not covered and there is a cap on benefits.

Both active and retired workers will see their prescription drug program cut and will be forced to pay a larger share of the cost of brand name medications.

Perhaps the most significant change is the dropping of a defined retiree health care benefit for new employees. Under the new contract, Verizon will no longer pay the health care costs for new employees when they retire. Instead, the company will contribute a fixed dollar amount per year of service towards health care premiums for the retirees.

The contract also sets the stage for Verizon to eliminate thousands of jobs. Since 2003, when the last contract was signed, Verizon has cut 13,000 union jobs and approximately 40,000 management jobs through attrition and layoffs. In addition, Verizon has forced thousands of other workers, mostly in management, to either move or be laid off and replaced by younger, lower-salary employees.

Over the past few years, Verizon has aggressively entered the cable television market and spent billions in building a fiber optic network that can deliver voice, high-speed internet and video to its customers' homes. The company is classifying most work on the old landline network, which is performed by the bulk of the unionized work force, as "legacy." Verizon wants to cut thousands more jobs, both union and management, from this area of the business.

In exchange for pushing through these concessions, the union bureaucracy obtained a few crumbs for itself. The company agreed to reclassify a number of non-union jobs so that the workers would become part of the union and begin paying union dues. The company put that number at 1,500, while the union's statements put the number at 2,500.

Verizon is also contributing $2 million towards a union-company committee to promote health care reform, whose goal is to cut Verizon's overall health care bill.

The union did not obtain its principal goal of gaining access to the thousands of workers at Verizon Wireless, which has become Verizon's major source of profits.