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Arbitration Panel Renders Decision to Resolve Health Care Issues with MTA Maintenance Union

An arbitration panel headed by a retired federal judge has rendered a decision to resolve health care funding issues dividing MTA management and leaders of its maintenance workers union.

In serving the decision, Judge H. Lee Sarokin expressed hope that "the parties will consider the award fair and workable."

Both MTA management and the Amalgamated Transit Union (ATU) agreed to mediation/non-binding arbitration last fall to end a 35-day transit strike called by the ATU and reach agreement on new contract language covering health care for active union members and retirees. This is the only outstanding issue in the new contract the two sides approved last fall. The contract extends through June 30, 2006.

A three member arbitration panel was formed that included representatives from ATU and MTA management. Both parties agreed on a third panelist, retired Judge Sarokin, who served 17 years on the U.S. District Court and U.S. Court of Appeals. Judge Sarokin also tried mediation earlier this spring before the arbitration phase.

After hearing formal evidence and testimony from both sides, the arbitrators ruled that MTA should boost monthly health care subsidies for current ATU members and those over 65, which MTA officials estimate will cost approximately \$4 million over the life of the contract (Oct. 1, 2002 through June 30, 2006).

The arbitrators denied a proposal by ATU to increase health benefit contributions for retirees under age 65. They granted a slight increase in subsidies for those retirees over 65 but far less than the union had sought during negotiations last year. While the ruling modestly increases the MTA's costs during this contract, it limits the long-term financial liability that concerned MTA Board members during the contract negotiations.

The panel also called for changes in the administration of the ATU health trust fund that oversees health care benefits for approximately 3,000 ATU mechanics and other maintenance employees and retirees.

The ATU currently administers the health care trust fund. MTA contributes \$1,560,000 a month into the fund and then ATU purchases health care coverage for its members. Since November 2002, MTA also has provided ATU with \$8.4 million to shore up the trust fund's reserves.

Currently, there are six trustees who oversee the fund. The union has five trustees and MTA has one. The arbitrators ruled there should be seven trustees managing the trust fund. Three would be appointed by ATU, three by MTA and a seventh trustee would be an outside health care expert.

Either side could reject the arbitration panel's decision by a two-thirds vote of its leadership board in the next 20 days or the ruling becomes binding.

MTA Board Chairman and LA County Supervisor Zev Yaroslavsky said he would recommend that the MTA Board accept the arbitration decision when the MTA Board meets June 7.

"I think Judge Sarokin's ruling is fair to both sides and to the MTA's customers. I urge both the MTA Board and the ATU to accept this decision. Both parties entered into this process voluntarily, and neither party has gotten everything it wanted. After all, that is the nature of an arbitration, and that is the risk both sides took when we commenced this process. We owe it to our riders – the transit dependent of this region – to put this dispute behind us and move on."

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