



No. 47



VOLUME 6 NUMBER 2

MARCH 2010

THE OFFICIAL NEWSLETTER OF THE ST. LOUIS NEWSPAPER GUILD LOCAL 36047

Why leadership is neutral on proposal

By **BARRY GILBERT**

P-D assistant unit chair

Guild leadership is remaining neutral in Saturday's vote to ratify the company's last, best and final offer. It is important to understand why.

Simply put: Neutrality, itself a compromise demanded by the Guild team, was the price for the Lee/P-D team reducing its pay-cut demand to 6 percent from 10 percent (plus furloughs).

This agreement applies only to leadership: the bargaining team of business reps Shannon Duffy and Mary Casey; Local president Jeff Gordon, vice president David Carson and treasurer Jim Gallagher; and P-D unit chair Deni Fleming. Other individuals are free to express opinions and campaign for or against the proposal.

Leadership's duty is to bring the best—or, in this case, the least punitive—contract offer to membership for a vote. To do otherwise would be gross malfeasance of its responsibilities, Duffy says.

Much depends on how our members vote and how the company responds, but there's a real possibility that Guild members will wind up working under imposed conditions, Duffy said. Had we not brokered this out of pride or stubbornness or whatever—and our members wound up with a 10 percent cut in pay, without even getting to vote on a proposed lower cut, our bargaining team would have been derelict in its duty.

Gordon said: All along, our goal was to get the best possible company offer before the membership. Now our people will decide what

happens next.

Here is how this drama played out:

As midnight approached on March 16, the Lee/P-D bargaining team, which had been insistent for days that the Guild take a 10 percent pay cut (plus furloughs), floated an unofficial proposal to Guild leadership (acting as our bargaining team) through federal mediator Max Aud:

The company would offer a 6 percent pay cut (plus furloughs) but only if Guild leadership endorsed the proposal and recommended it to membership.

If the Guild team rejected the offer, the official company proposal of a 10 percent wage cut (plus furloughs) would stand and would be presented as its last, best and final offer.

Duffy and the rest of our bargaining team had no intention of endorsing such a deal but, after long discussion, countered through Aud: The Guild would take no position on the offer if management submitted a formal offer including the 6 percent pay cut (plus furloughs).

The company resisted at first but eventually agreed and submitted the proposal as their last, best and final. In a sidebar conversation arranged by the mediator, the company insisted that this offer was as low as it could go and repeatedly stressed that Lee Enterprises would not accept anything less.

When the possibility of the proposal being rejected was brought up, management stated flatly that they would declare impasse and that the proposal would be imposed. They also laid out what that would mean: open shop,

Guild members must weigh levels of risk

By **JEFF GORDON**

President, St. Louis Newspaper Guild

Guild members face a classic dilemma with this contract vote. Should we act on principle or remain pragmatic?

This is the company's last, best and final contract offer. Working under the direction of Lee Enterprises executives, the Post-Dispatch bargaining team insists that it has made its final bargaining move.

This is the best offer we could get through traditional negotiating and a limited corporate campaign against Lee. (A more aggressive campaign would have violated our current contract, which is still in effect due to its evergreen clause.)

The next step is up to Guild members.

If we vote to reject this offer at our unit meeting on Saturday (March 27), the Guild bargaining team will ask the company to resume bargaining. However, the company has vowed to declare an impasse and post new working conditions if the offer is rejected.

The Guild would challenge that decision, arguing that we are not at impasse. While awaiting the NLRB ruling, though, we would have to work under posted conditions.

The company could impose some aspects of its last, best and final offer (pay cut, pension freeze, elimination of retiree medical coverage) while ignoring others (layoff protection, increased 401K contribution).

The company has already warned that layoffs would follow if we rejected this offer. Given this company's history of payroll trimming, we can't dismiss that as an idle threat.

Progressive discipline might be the most important protection we have through our union contract. It prevents the company from punishing

See **PROPOSAL** | Page 4

See **RISKS** | Page 3

No. 47

The No. 47 is a publication of the St. Louis Newspaper Guild Local 36047.

GUILD EXECUTIVE COMMITTEE

President

Jeff Gordon

First Vice President

David Carson

Second Vice President

Joe Kenny

Treasurer

Jim Gallagher

Recording Secretary

Laurie Waterhouse

Jobs With Justice Unit Chair

Aaron Burnett

KSDK Unit Chair

Michael Daugherty

Labor-Tribune Unit Chair

Lauren Marshall

Post-Dispatch Unit Chair

Deni Fleming

St. Louis Review Unit Chair

Pam Hieger

Unicom Unit Chair

Andrew Duttlinger

Post-Dispatch Delegates

Barry Gilbert

Greg Jonsson

John Mues

Business Representatives

Shannon Duffy

Mary Casey

Q&A: P-D contract proposal explained

BY JIM GALLAGHER

Treasurer, St. Louis Newspaper Guild

The following is intended as an objective report on Lee's proposed contract and the choices we face as Guild members. It is not intended to advocate acceptance or rejection of the offer.

Q: What does management's proposed contract say about wages?

A: This is a five-and-a-half year contract proposal that would begin April 1 and bring the Post-Dispatch in line with Lee Enterprises' October-through-September fiscal year.

Wages would be cut immediately by 6 percent. That 6 percent cut would remain in effect until at least October 2012.

In addition, the company could declare one week of unpaid furlough from now to Sept. 30; a second furlough week from Oct. 1 to Sept. 30, 2011; and a third week from Oct. 1, 2011, to Sept. 30, 2012.

Some Guild members are paid above the top minimum. The company says the 6 percent cut would apply to a member's entire salary, including merit pay received above top minimum.

Members not at top-minimum pay would continue to climb the annual salary steps. But the salary level at each step would reflect the 6 percent cut.

Three partial wage snap-backs, each dependent on increases in Post-Dispatch and STL Distribution revenue, could be triggered in the final three years of the contract.

If Post-Dispatch revenue increased by at least 2 percent in the fiscal year ended Sept. 30, 2012, Guild members would receive a 2.5 percent raise on Oct. 1, 2012. We would receive 2.5 percent raises in October 2013 and 2014, also dependent on 2 percent increases in revenue in the preceding fiscal years.

There would be no consequences if revenue fell. But members must consider the possible effect of inflation on their pay over the next five-and-a-half years.

The Guild has requested the right to audit Post-Dispatch revenue figures. That request has not been granted. Instead, the company said it would provide a letter from Lee's independent auditor certifying the figures.

Our concern here mainly involves a relatively small amount of revenue that the Post-Dispatch derives from other Lee entities, such as

revenue received for delivering the Suburban Journals, and Lee's ability to manipulate that revenue.

Q: What about commission sales employees?

A: Outside classified, outside territory and outside category sales people would receive a base salary of \$575 per week.

The base for major accounts and national commission outside sales employees would remain at no less than the current level. As under the current contract, there would be no base salary for inside sales reps.

The few remaining reps who are paid on salary would take a 6 percent wage cut.

Q: Is there any protection from layoffs?

A: If the contract is ratified by April 1, the company will promise no layoffs for six months.

Q: How would seniority change as it applies to future layoffs?

A: The current contract says that layoffs must be in reverse order of seniority within each job classification. A limited exception exists for A-scale employees only, allowing management to skip an employee whose services are deemed of major importance.

Under the company proposal, layoffs would still be in the reverse order of seniority. But the company could exempt any five employees in advertising from layoffs. In the newsroom, management could exempt 12 reporters, three copy editors, three photographers and two artist/designers, for a total of 20. The Guild's position is that page designers are classified as copy editors. We are seeking clarification from the company on this point.

Once designated as exempt from layoff, an employee would remain exempt for one year.

Q: What about health benefits?

A: As in the current contract, the Guild would be offered the same health plans offered to Post-Dispatch administrators and supervisors, excluding senior managers and department heads. The company could change those plans, along with co-pays and deductibles, at its discretion. The Post PPO would not return.

Guild members would continue to pay 25 percent of the cost of health insurance premiums,

See Q & A | Page 4

Other locals have taken cuts to preserve jobs

BY JEFF GORDON AND DAVID CARSON
St. Louis Newspaper Guild

Throughout our industry, Newspaper Guild locals have voted to accept wage cuts and other economic concessions from newspaper companies that are either facing bankruptcy or scrambling to avoid it.

The Post-Dispatch, however, remains profitable and while Lee appears to be in no immediate danger of bankruptcy, it must refinance its considerable debt by 2012.

Here are some examples of what has happened, and when, to top scale for reporters at similar size newspapers:

- **Denver Post (3/12/09):** Base cuts averaging 7 percent (down to \$1,190 for reporters), plus furloughs and suspension of 401K contribution.
- **Cleveland Plain Dealer (5/11/09):** 8.1 percent base pay cut to \$1,099.95, plus 11 unpaid furlough days.
- **Indianapolis Star (8/25/09):** 10 percent base pay cut, to \$806.58. Significant weakening of seniority.
- **The Boston Globe (7/1/09):** 5.9 percent cut, to \$1,310 for reporters. Discontinued 401k match.

Lee Enterprises modeled its demands after those

made by other companies in other markets. But these cases can be quite dissimilar.

For example, Lee has cited the Boston Globe, which was losing more than \$1 million per week at the time, in defense of its demands for financial concessions.

Indeed, The New York Times, owner of the Globe, sought about \$10 million in savings from its Guild unit's 600 members. Lee, however, is seeking savings of \$23.4 million to \$25.5 million from our 250 members

Lee originally demanded a 23 percent pay cut achieved over three years. The company sought dramatic and permanent changes to our pay scale, bringing us closer to other Lee properties.

Your bargaining team countered with compromises achieved elsewhere. We offered to take unpaid furloughs, each week of which is equivalent to about 2 percent of annual salary, in lieu of wage reductions.

Either way you're losing money. But with furloughs our members would get time off plus the opportunity to file for unemployment benefits. And furloughs do not erode the base pay scales.

We also suggested snap-back language based

on year-over-year revenues. That would force the company to restore cuts if the Post-Dispatch began recovering lost revenue.

Other Guild locals have used such provisions to help companies through financial crises without conceding permanent wage scale reduction.

The company's last, best and final offer includes a 6 percent cut for most employees, then three potential 2.5 percent increases based on modest revenue gains. Those snapbacks could result in a 1.5 percent increase of our current wages by the end of the contract.

The company's proposed cuts gives it a savings of \$1.7 million in wages through Oct. 1, 2012. The company could gain an additional \$2.12 million in savings if the snapbacks were not achieved in the final three years of the contract. An additional \$708,000 would also be gained by unpaid furloughs.

The company also gets a one-time savings of \$2 million and an additional savings of \$6.5 million over life of the contract by freezing the pension.

The big concession is the elimination of medical coverage for future retirees. That would create a one-time savings of \$12.5 million for the company.

RISKS From page 1

or dismissing Guild members without cause.

However, under labor law, the company, if it imposed conditions, also could strip this Guild local of important workplace rights including its right to arbitrate disputes. In that scenario, Guild members could be disciplined or even fired without the right of arbitration.

In an impasse, the company also could create an open shop and eliminate the current dues check-off system. The company would hope to diminish our solidarity and erode our financial strength.

Should the company follow through on its threats, the Guild would have to declare war on Lee. We would intensify our corporate campaign, urging readers to suspend their subscriptions until we reached settlement. Our market research indicates that many readers would support our cause.

We could reach out to P-D advertisers as well, asking them to suspend their accounts until a settlement was achieved.

We could present our case to Lee board members, shareholders and creditors, arguing that the company has misread the St. Louis market and risks ruining its most important asset.

With strong member participation, the Guild could run a very effective campaign against Lee. The Local executive committee has created a

\$500,000 budget, and Guild members approved the corporate campaign at our previous unit meeting.

Recently, 25 Guild members attended our mobilization training session. Our corporate campaign consultant (Carrie Biggs-Adams) and a campaign facilitator (Marshall Rowland) began laying the groundwork for the bigger fight.

By attacking Lee's bottom line, we would try to force the company back to the bargaining table. An aggressive campaign could do a LOT of damage to the Post-Dispatch and to Lee.

This company is vulnerable. Although the Post-Dispatch still generates a positive cash flow, its profit margin has shrunk. Like many media companies, Lee could face a financial crisis if it failed to refinance its substantial debt in the near future.

Our nation's overall economic recovery is moving slowly, and the newspaper sector faces massive marketplace challenges as consumer habits evolve.

So: Would Lee executives choose to minimize potential long-term damage and make a more reasonable attempt to settle? Or would our response prompt the company to cut even more?

How much more would Lee offer, especially if the Guild began damaging its bottom line? Would the potential reward (an improved offer) outweigh the risk (layoffs, lost workplace rights, weakened

Local solidarity) we would take in a war?

Is Lee bluffing with its hard-line threats against the Guild? Or are Lee executives eager to use this potential confrontation to weaken this Local?

Lee executives have already demonstrated their anti-labor sentiment. They have broken unions and attacked organizing efforts at their other properties.

The company forced some of our retirees to pay the full cost of their medical care in violation of their Guild contract, in the view of our attorneys and forced us into litigation costing hundreds of thousands of dollars. Lee remains resolute in its desire to get out of the retiree medical business.

How would a full-scale war with Lee play out? And if the Guild won, what would that victory look like? Would we lose a lot of members in the process? Would we damage the Post-Dispatch beyond repair?

These questions are difficult to answer, which is why this is such a difficult vote.

But no matter which way you vote you have to own it. If you vote to accept the proposal and it passes, you are agreeing to accept the package of cuts and are fully aware of how this contract would affect you today and five years from now.

If you vote to reject it, you have to own that vote too. Rejection has potential serious outcomes you have fully understand. If you vote to reject, you are also voting to take an active part in the planned corporate campaign.

Q & A From page 2

plus co-pays and deductibles. Premium increases would be capped at 13.5 percent a year.

Q: What about retiree medical?

A: It would be canceled for current employees. We expect the company to terminate coverage for many or all of those who retired under the current contract. The Guild is already pursuing legal action to restore retiree medical coverage to those who retired under our contract that expired in 2004. We will also finance legal action on behalf of those who retired under the current contract, if the company terminates their benefits.

Q: What about the pension?

A: It would be frozen, and here's what that means.

Pension calculations are rather complex, and this explanation is simplified. Currently, your expected pension payout rises with your years of service and salary, adjusted by some other factors. If your pension was frozen, you would keep credit for your current years of service and pay, but earn no more credit for future years and pay raises.

The effect of this would vary by person, but nearly all of us would receive a smaller pension than otherwise.

Currently, you receive a full pension at age 65, but only a partial pension if you retire earlier. That system of partial pensions for early retirees would remain in place.

Q: How about the 401(k)?

A: The company would contribute \$75 per month, a \$25 increase.

Q: Are there other changes in the contract?

A: A few minor ones.

- The company could hire a total of 22 interns per year, two more than today. But the company would have to reduce the intern count by one for every 10 fewer Guild members employed beneath the level of 270. Internships are for 13 weeks, and the company would have more freedom to schedule internships during the year.

- New employees would get one sick day on the date of hire, two more after six months of service and five sick days after a year on the job.

- Bereavement leave also would be improved, with three paid days off for the death of parents and siblings, and a week paid leave for the death of a spouse, domestic partner, children and step-children.

Q: What happens if we reject the contract?

A: The company could return to the bargaining table the course the Guild would prefer or it could declare impasse, declare our current contract expired and post working conditions.

The company has strongly indicated that it would post working conditions. Bluff and bluster are always part of labor negotiations. However, the bargaining committee believes that the company would be likely to declare impasse and post rules.

Q: What would the Guild do in that case?

A: The Guild would appeal to the National Labor Relations Board and simultaneously launch its corporate campaign against Lee Enterprises. Both courses would be aimed at getting the company back to the bargaining table.

Under labor-relations law, impasse is reached when it is evident to both parties that further talks would be futile, according to the Guild's labor attorney, Janine Martin of Hammond Shinnors.

Our bargaining team feels that we were making steady, substantial progress throughout our talks, reaching agreement on many areas of the contract. Since talks on economic issues began in mid-January, we steadily narrowed the gap between our positions, and the Guild was willing to make further concessions to reach agreement.

The Guild believes that the company embarked on a deliberate strategy designed to manufacture a false impasse so that it could implement wage and benefit cuts before the end of the March quarter, allowing Lee to record many millions of dollars in curtailment gains on this quarter's earnings report.

The NLRB normally takes a couple of months to rule on such matters. If it decided in our favor, it could force the company to restore the conditions that existed before impasse was declared, including lost wages. The company could appeal, but our attorney believes that the NLRB's ruling would most likely remain in force during the appeal.

Of course, there can be no assurance that the NLRB would rule in our favor.

Q: What work rules could the company implement?

A: This answer will be complicated.

The company would be free to implement the 6 percent wage cuts, furloughs, the pension freeze, elimination of retiree medical and other onerous provisions in its proposal. It probably would not have to grant the six-month reprieve from layoffs.

With some important exceptions, the company would have to post the parts of the contract on which there was no dispute during bargaining, according to our attorney. Much of the contract falls in that category.

With some exceptions, the company also would have to abide by agreements that were reached during the course of bargaining on items such as maternity leave, the 25 percent employee contribution to medical coverage, the 18 months that you can be off sick before being dismissed, etc.

However, there are certain parts of the current contract that the company could legally refuse to implement, and they have told us that they would so refuse. The company could:

- Declare an open shop, with union membership optional.
- Stop collecting union dues from paychecks, forcing our stewards to do the collecting.
- Refuse to arbitrate grievances. This is important. Arbitration is the union's main means of enforcing members' rights and protecting members from unfair punishment. If someone should be unjustly fired, for instance, our ability to save the member's job would be greatly restricted.

We could appeal to the NLRB and we would but the board generally looks for violations of labor law, such as retaliation for union activity. It is unlikely to get involved in, for instance, a dismissal for alleged poor performance.

Lee could try to cherry-pick, implementing parts of the contract they liked and not others.

And it is possible that the company may try to impose cuts that go beyond what it proposed in its final offer. If so, the Guild would bring an unfair labor practice charge before the NLRB.

In general, companies in this situation implement their last, best and final offer because it is their safest legal position, according to our attorney.

PROPOSAL From page 1

elimination of dues collection and an end to the arbitration process.

The discussion turned to how such an action would be received by the membership. Astrid Gar-

cia said that she had no doubt the Guild was resolute in its plans for a corporate campaign and that she feared it would be a murder-suicide scenario.

The mood was somber when Duffy replied that,

in such situations, unions have no other real choice if they want to force the company to return to the bargaining table.

At that point the mediator called all parties back in and the company formally presented its last, best and final offer to the Guild. It was 12:30 a.m. when the meeting ended.