The Health & Welfare Rate Issue is Simple…

Why are the Health & Welfare contribution rates such a stumbling block for the NCDC? Apparently, there are at least a few reasons. First, the NCDC is proposing that it pay less than every other employer; this isn't about reserves—the problem is its contrary to the Trustee's policy. Second, the NCDC can't seem to get the facts right. Third, the NCDC's "argument" in support of its position is hollow and doesn't withstand any real scrutiny.

1. **The NCDC's actions are the very type the Health & Welfare Trustees took action to avoid.**

Ask your Trustees. They will tell you that, dating several years past now, the Fund's consultant was concerned about having different contribution rates for the same year in different contracts, depending on when they are negotiated. There is also the concern that employers didn't want to pay different rates than other employers in our Fund. To address this concern, the Trustees **unanimously** adopted a policy to set acceptable contribution rates 5 years in advance with the first three (3) years remaining unchanged once broadcasted and negotiated publicly. Years four and five were subject to change by the consultant based on their annual assessments. This would provide stability for the Fund and also create a fair, level playing field for **all** the employers. The 2021 rate was set back in 2018. The 2022 rate was set back in 2019, and so forth. Since the rates have been set, Local 701 has dutifully gone out and negotiated these rates that meet or exceed the levels set by Trustees. All participating employers are currently paying the rates approved for 2021 (approved in 2018) **other** than the NCDC. That's over 400 employers including about 100 new car dealerships.

- ➔ Now the NCDC, representing a minority of the Fund's employers (even when looking just at new car dealerships), wants to play by a different set of rules and pay less than everyone else. The NCDC's actions are the very kind the Fund and its consultants wanted to avoid by adopting the annual rates.

- ➔ The level of reserves really isn't an issue here. The Fund's consultant takes the reserves into account in recommending future rates. If the reserves are higher than the consultant thinks they need to be, the rates proposed for 2025, which will apply to **all employers**, not the NCDC minority, will reflect that fact. The NCDC should respect the policy decision of the Trustees, especially considering it has a voice on the Board with one of their own Trustees - Chris Konecki—who joined his other employer trustees in unanimously approving this policy as well as the 2021, 2022, 2023 and 2024 contribution rates.

2. **The NCDC continues to misconstrue the facts resulting in incorrect messaging.**

The NCDC continues to get the facts wrong (probably due to an ongoing misunderstanding about the workings of the Fund). The NCDC's weekend "Fact Check" claims the Union's statement that a CBA with rates less than the Trustee's rates will be rejected by the Welfare Fund is "Not True." The NCDC is wrong, plain and simple. Look at the Fund's response to the Union's information request that was included with the Union's last proposal (and available **HERE**). Here's an excerpt:

Isn't it true, that the Fund Office will **NOT** accept a collective bargaining agreement with rates less than those already set by the Board of Trustees?

> **That is correct. If a CBA is presented to the Fund Office with contribution rates less than the actuary/consultant's recommended rates, Fund Co-Counsel rejects the CBA and notifies the Fund Office which in turn would then defer to the Board to discuss whether the CBA should be approved.**

➔ The Fund will unequivocally reject a CBA with rates less than the approved rates. How could the NCDC miss that? Rather than reading the full document, as usual, the NCDC twists statements and ignores truths in order to try and come up with support for its position.

3. The NCDC continues to prove Local 701's point(s).

If this is the best the NCDC can come up, by pointing to information the Union received from the Health & Welfare Fund Office as support for its position, that says a lot! The YRC Freight and USF Holland situation confirms what the Union said about non-conforming contracts. It is also a prime example of the NCDC's attempts to mislead on the issues. The NCDC continues to think that no one is going to read, use their brains and/or keep the NCDC honest. The NCDC would have everyone believe that YRC Freight and USF Holland are paying less than everyone else over the term of their contract. Again, read the information request response as it relates to this matter from the Fund Office for yourself:

> **In 2021 there were two CBAs that needed to be brought to the Board of Trustees for contribution rate approval. In May 2021, YRC Freight and USF Holland had contribution rates that were below the minimum amount for years 2022 and 2034 but their rates exceeded the recommended contribution rates for 2020, 2021 and 2024, the employer made up the difference for the shortfalls in years 2022 and 2023 and the Board unanimously approved their contribution rates.**

So, the response makes it clear, the Fund did not accept the non-conforming rates (it was rejected), but rather, the CBA had to be brought before the Board of Trustees. Just like the Union said. And the unanimous approval is for obvious reasons – the 2020, 2021, and 2024 rates **exceeded** the rates set for those years; these higher rates made up for shortfall in years 2022 and 2023. In fact, the total amount paid to the Fund during the term of the contract **exceeds** Local 701's proposal to the NCDC—and two years of that money is front loaded. Why would the Trustees reject this contract?

➔ Maybe the better question is, why would the NCDC think this helps them make their case? Because, technically speaking, the rates for 2022 and 2023 are less? Well, bravo, very compelling. But we don't live in a vacuum. We all have brains. It's easy to distinguish between the NCDC's proposal (with rates that are below the approved rates **every** year of the CBA) and the YRC Freight and USF Holland (with rates that exceed the approved rates 3 of 5 years, which results in greater contributions over the CBA's term than the proposal to the NCDC).

- ➔ Obviously, this is why the NCDC is referencing the YRC Freight and USF Holland agreement, but not proposing or demanding the same type of deal. If the NCDC were to propose contribution rates with higher amounts than required in 2021-2022, and pay lower amounts in 2023-2024, where the total amount paid over the agreement exceeds the Trustee approved rates, we have it on good authority, the Trustees would portably approve that variance!

The NCDC is looking for more "special treatment" and wanting to be treated differently than the other employer participants is one of these primary issues keeping you out on the streets. It seems crazy that the NCDC would stand on this position. The NCDC's proposal has money in two different buckets that could be used to pay for this cost: (1) the NCDC deal still falls short in various places from the Defector Deal (missing floating day for some classifications, freeze on the training fund contribution, etc.), and (2) the NCDC decided, at the 11th hour before expiration, to sprinkle some extra money in the wage tiers. The NCDC can't comprehend you care more about ensuring you have health coverage than having the money on your pay check…but you've spoken. And you've said the same thing as our members at the 100 or so dealerships that have ratified a contract or gone back to work under an interim agreement with those rates. And while other dealerships continue to figure it out and rid themselves of the NCDC's nonsense by signing interim agreements (like the seven additional dealerships breaking Monday and Tuesday), they will continue to destroy their business. Until the NCDC can accept this truth, this issue will continue to be their Achilles heel.