



April 20, 2018

To: All PPMWS Locals and PPMWS Laws and Finance Committee

Subject: PPMWS Issues

Brothers and Sisters:

I am in receipt of letters dated March 5, 2018, and April 20, 2018, that Dan Wasser sent to all PPMWS Local Unions. I found the letters misleading and am writing to set the record straight on recent discussions concerning PPMWS.

Since becoming CWA President, I've grown increasingly concerned about the sustainability of the PPMWS structure and its ability to serve members. Over the past 30 years, PPMWS shrunk dramatically. From some 40,000 members in 1987, it is now a sector covering 3,600 active members who are situated in 105 mailer, typographical, or amalgamated Local Unions and 500 bargaining units all over the United States. While all districts and sectors have experienced membership loss over recent decades, none have the logistical or financial challenges that PPMWS has.

These 3,600 active members are served by one Staff Representative and one Executive Officer, both on the East Coast. Spread so far and so thin, there is no possible way for these Locals and bargaining units to be serviced efficiently and effectively except geographically, district by district, taking advantage of the economy of scale of having many District staff representatives already stationed around the country. Adding just one more staff representative to the PPMWS roster simply will not cut it. Besides the logistical problem, there are also financial problems. Some of these problems are caused by the inefficiency of trying to have one staff representative travel from sea to shining sea. In the past two years, the rest of CWA has had to subsidize maintaining the PPMWS structure, despite new transfers from the PPMWS operating fund to the CWA general fund. And for many years, PPMWS has been unable to make its fair share contribution to national programs. Relatedly, as attention to all Locals cannot be sufficiently maintained, compliance suffers.

I have a fiduciary duty to PPMWS members, as I do with the rest of CWA's members. I approach these structural problems with the overarching goal of serving PPMWS members and their Locals efficiently and effectively.

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The PPMWS structure is not efficient, effective, or sustainable. It must change. I have not opened this discussion lightly or recently.

The first two paragraphs of Wasser's March 5 letter suggest that the problems with PPMWS and my solutions had only appeared "within the last few weeks." Nothing could be further from the truth. It is worth recounting the process thus far.

We started talking about this situation in August 2017. At that time, Wasser put off discussions until he could talk to the Laws and Finance Committee, which I understand finally, happened in October 2017. Wasser requested during all of that time that our conversations not be made public, and I honored that request.

After Wasser's discussion with the Laws and Finance Committee, he and I met in person after the CWA Executive Board meeting in December 2017. During our meeting, we agreed to have follow-up discussions between my committee and the PPMWS Laws and Finance Committee in January. We tried to convene on January 5, 2018, but, because my Assistant had a family wedding on that date, the earliest alternative date offered was January 30, 2018. All this time Wasser still wanted the discussions to remain private.

On January 30, 2018, my Chief of Staff Jody Calemine, along with my Assistant George Kohl, went to Pittsburgh to meet with Wasser, two members of the Laws and Finance Committee, and their attorneys. District 2-13 Vice President Ed Mooney also attended this meeting. By all accounts, it was a productive meeting about the challenges of PPMWS and how the Sector may be fully consolidated with Districts. Various concerns and issues raised by Wasser and the two members of the Laws and Finance Committee were taken into account and formed the basis for a formal proposal that I developed and sent to Wasser on February 2.

On February 2, 2018, in a cover letter with the proposal, I underscored to Wasser the need for an answer to my proposal before February 28 (almost a month hence) and explained we might need to hold a Special Convention to implement the constitutional changes called for by the proposal.

On February 23, 2018, Wasser replied that he and his Committee were in agreement with some of the things in my February 2 proposal but needed further discussions on other things. In other words, nothing was specifically accepted or rejected. He stated: "Please understand that some of your suggestions and proposals appear to be attainable." This stands in stark contrast to his March 5, 2018, letter to the PPMWS Locals, where he stated that CWA's current proposal is "outrageous, unacceptable, and against all principles and ideals that define organized labor."

He also told me on February 23 that he and his Committee could not meet until after March 20 (one month later).

February 28 came and went without an agreement. On March 1, 2018, I wrote to the CWA Executive Board to explain the situation and my concerns about the repeated postponement of discussions. In short, Wasser couldn't reply to my February 2 proposal until February 23. On February 23, he wouldn't identify what parts of the proposal were acceptable or not and couldn't meet until after March 20 to discuss our proposal further. Wasser's only answer about why he couldn't meet until after March 20 was that he would be in a "different time zone."

The CWA Executive Board insisted that Wasser discuss these issues sooner, over the phone if necessary. On March 7, 2018, we held a teleconference with myself, Calemine, Kohl, Wasser, my Assistant Ameenah Salaam, and two members of the Laws and Finance Committee. Ahead of this call, I asked for a written response to our initial proposal. I received a list of brief reactions to each provision, ranging from "appears attainable" to "clarifications and discussions needed." On the call, we answered all of the questions posed about the proposal. At the end of the call, I asked that there be a counterproposal from PPMWS for the next call.

Our next scheduled call was March 14, 2018. I received the first ever counterproposal, by which PPMWS promised to reimburse CWA the shortfall between its expenses and income and asked for an additional staff representative. We held the call. Wasser did not attend the call, but two members of the Laws and Finance Committee, along with another Pittsburgh-area Local President, did. I explained that the counterproposal was unacceptable, as it was not financially sustainable for PPMWS. The Sector would cannibalize itself, and the rest of the Union would have to pick up the pieces when it was all done. And the problems are not just financial, but structural. We again answered all questions posed.

On March 21, 2018, Wasser and two members of the Laws and Finance Committee came to Washington to meet in person. During this face-to-face meeting, proposals were passed, and substantive discussion was had. Unfortunately, none of the proposals from PPMWS were financially sustainable or addressed the structural issues. Again, the Sector would cannibalize itself, and the rest of the Union would have to pick up the pieces, all to maintain an already unworkable structure until its resources are exhausted or near-exhausted. I made another counterproposal at this meeting designed to meet as far as I could any concern they raised. At that meeting, no one could identify any provision in my proposal that would have a negative impact on PPMWS members if it was implemented properly.

After the meeting, on March 22, 2018, I received a further counterproposal from Brother Wasser. To roughly summarize that plan, PPMWS would continue to pay \$100,000 annually to CWA until 2023, presumably out of its operating fund, which currently contains about \$800,000. Because this \$100,000 has been insufficient to make PPMWS revenue neutral, PPMWS would pay an additional amount equal to the difference between the annual income and annual expenses. Additionally, PPMWS would hire one special representative. PPMWS may seek assistance from District staff representatives for servicing amalgamated locals, and PPMWS would contribute an additional amount equal to 10% of its annual income. All of these payments would continue until 2023, at which point PPMWS would dissolve and its Locals and members would then presumably be fully serviced by the Districts.

I asked staff to spend a good deal of time analyzing Wasser's proposal. Making relatively conservative assumptions, including assuming that operating expenses will stay within budget each year and locals will remit their per capita dues, and resolving ambiguities in how to calculate payments in Wasser's favor, an economic analysis shows that the PPMWS operating fund would run out of funds in 2020, if not sooner, under his plan. To meet PPMWS's obligations, the PPMWS strike fund would presumably be tapped for the difference after the operating fund is fully depleted, which would add up to over \$1.4 million taken from the strike fund by 2023. At that point, after the Sector has cannibalized itself, the rest of CWA would be on the hook for servicing what remains. In sum, Brother Wasser's plan would spend down these funds to keep in place a particular administrative structure until 2023.

I provided this economic analysis to Brother Wasser on April 10, 2018, underscoring that his proposal addressed neither the structural nor financial challenges of the Sector, and provided my final offer on restructuring. Again, that offer was designed to address any and all concerns raised by the other side of the table, including putting the Laws and Finance Committee in charge of developing a transition plan proposal. That final offer is attached.

It is fully apparent to all parties involved that full consolidation of the PPMWS into other administrative arms of CWA is ultimately necessary. The question is when and how. I believe that timing should be as soon as possible, because the current structure does not work for the members or the Union as a whole. The last proposals from Brother Wasser have indicated a preference to maintain the current structure whatever the cost, financially or representationally, until 2023. Frankly, I am concerned about what happens to members and Locals in the meantime and wasting limited resources on an unworkable structure in the meantime. If we acknowledge that consolidation of PPMWS into other administrative arms of CWA is inevitable because the current structure is neither working nor sustainable, then we should move now not later.

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I have been willing to try to reach a consensus agreement on restructuring so long as it puts representation of members, rather than the preservation of an unworkable structure, first and is financially sound. The sooner we act, the better off all will be. As I said in my last offer, if we do not have a consensus agreement, I am prepared to use whatever constitutional tools I have to address these issues for the sake of the members. This is one union. As National President, efficient and effective service of all members and Locals is my overarching concern. I'm duty bound to provide it. How that precipitates a request for a third party neutral from Brother Wasser is beyond me.

Thank you for your attention and all you do for our members.

In Unity,

A handwritten signature in black ink, appearing to read "Christopher M. Shelton". The signature is written in a cursive, flowing style.

Christopher M. Shelton

Cc: CWA Executive Board

Attachment