

Coalition of Oak Ridge Retired Employees (CORRE)

Presentation at Annual Meeting, October 8, 2012

“Frequently Asked Questions”

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Introduction

We begin to prepare for this meeting in the middle of August each year. As you know, this past August was a time of turmoil in Oak Ridge. John Eschenberg had taken over the management of the UPF project, and Larry Kelly replaced him as manager at DOE/ORO. ORNL was wrapping up a change in its supplemental health plan for retirees, which was a major undertaking for them and for the retirees. Then the security breach at Y-12 brought about huge changes at B&W Y-12 and WSI and NNSA. The turmoil was so intense at that time that we at CORRE considered postponing this meeting...or even canceling it altogether.

After some discussion, we decided to go ahead with the meeting and to use it to address some fundamental questions about CORRE and its work. I am sure you realize that we receive numerous questions and comments and suggestions about CORRE and what it is doing or not doing. Many of them are helpful, occasionally they are complimentary, but most express great frustration with the plight of retirees here...and with us for not fixing things. The implication is that we are not doing much, and that we need to do something else. I am reminded of a famous exchange between President Kennedy and a crusty old female news reporter during one of his press conferences. She hounded him continuously, and she always asked the first question. That day she asked: “Mr. President, what are you doing today for the women in this country?” He replied: “not enough” and immediately went on to the next question.

What I plan to do today is go on to the next question. Actually, I have six “next” questions. They are CORRE’s version of FAQs...“Frequently Asked Questions.” You may not agree with these questions or the answers, but I hope you will agree that the questions are fundamental and the answers are forthright. I will not discuss the difficulties that have plagued the site organizations in the recent past. The media has taken care of that. Also, I believe that the recent changes in supplemental health care plans are best covered in an open discussion rather than a talk, because they are site-specific and largely individual-specific. So, I invite anyone who is interested in this subject to join the Board for open discussion of this and other issues after this meeting.

Now to the questions.

FAQ-1. When are you going to get me (us) a raise?

We hear this question, or some version of it, more than any other. It usually comes with a smile and a hand reaching out as if some money is forthcoming. It is a prodding question for which the answer is already known.

I came onto the Board in 2008. At that time, our pension trust was funded at about 118%. The contractors had not had to add funds to our trust in 26 years, and yet the trust had a surplus of \$811 million. CORRE was asking for pension adjustments that would recoup about 75% of the inflationary loss in the value of each retiree's pension. That had been the tradition of prior pension adjustments in Oak Ridge, and the last raise had been given to those who had retired ten or more years earlier. CORRE's request was both reasonable and affordable at the time. That request has not been granted, of course.

You know what has happened since then. The economy went south, bottoming in 2008/09. The country went into recession, jobs were lost, funding got really tight, and the funding level of our trusts dropped from 118% to 80%. For the first time in 28 years, the companies began to add funding to the trusts. Defined-benefit pension plans became unpopular nation-wide, especially so among DOE sites. The issue became one of holding onto what you have.

Locally, there were other obstacles. The pension plan that was administered by Y-12 for both Y-12 and ORNL was split, so that each facility assumed responsibility for its own retirees. Upper management was changed at DOE/ORO. One of the contractor organizations was replaced. Budgets got tighter. Staffs were reduced. Salaries were frozen. NNSA decided to combine the management of Y-12 with Pantex under one contract. Another contractor was released.

So, in the space of four or so years, the situation changed from "reasonable and affordable" to "be thankful for what you have." However, we believe the pendulum has begun to swing in the other direction. The contractors have and are contributing to our respective trust funds regularly, building funding levels toward 100%. The stock market is gradually improving, which means that trust assets are growing. Recent legislation has provided some relief in the way that trust liabilities are estimated, which results in higher funding levels. This means that trust funding is now at or near the 90% level.

So, the answer to FAQ-1 is that prospects are dim. We are not likely to get a pension increase in the foreseeable future. The contractors won't propose one. Their Boards would not agree to one. DOE wouldn't approve one. The situation has to settle down and the economy has to recover before anything can happen. This is not what you want to hear and not what I would like to say, but you know it is true.

FAQ-2: Why don't we get our Congressmen to put the pressure on DOE and the contractors? We need to meet, talk, write, and visit with them and their staff people. After all, there are 13,000 of us, 20,000 or more votes, and this is an election year.

We have tried all of these things at one time or another without tangible success. Congressmen Wamp and Lincoln Davis were true supporters when they were in office. Senator Alexander at one time actually set money aside that would have provided both a pension adjustment and correction of the inequity in costing the Surviving Spouse Option, but DOE took the money and used it elsewhere. Since then, it appears that our representatives have put CORRE matters in their "too hard" pile.

The brutal truth is that, in today's world, CORRE is not very high on their priority list. I think the representatives that understand our situation empathize with us, but I also think that they are conflicted about dealing with DOE and the contractors. On the one hand, they work hard to obtain funding and support for DOE's programs in Oak Ridge...and they obtain lots of support from the contractors in return. On the other hand, they cannot tell the contractors how to run their business; they only can encourage them to do things. It is important to remember also that the contractors have to get approval for changes in benefits from both their Boards of Directors and from DOE. Senator Alexander's attempt to get around the "lack-of-funding" argument reveals that our representatives are not always able to do things, even when the cause is right and the money is there. We must have the support of our representatives, but they cannot force something to happen.

So, our approach is this. We communicate our needs to our representatives, and especially their staff members, with examples and data, to assure that they are prepared to support, even advocate, for us whenever and however they can. We need them to be positive about us.

FAQ-3. Why don't we get more aggressive? We should petition, demonstrate, publicize, embarrass DOE and the contractors.

As a matter of fact, we did take a petition to DOE/ORO several years ago. It had 5,864 signatures. We have garnered resolutions of support from state and local governments. We have publicized our issues in the news media by way of ads, news articles, letters, and position papers. We even wrote to DOE Secretary Chu and to the President himself. All of this was done in an attempt to build support. Support from the public, the city, the counties, the state, as well as the feds. It was not intended to embarrass anyone, just build support.

Our approach is to keep the issues in front of the appropriate people and organizations, to assure understanding of our requests, to build support and cooperation, and to work with them rather than against them. We do not believe that we should make enemies of the very people that we are asking to give us money.

There is one model for success. At Sandia National Laboratory in Albuquerque, the contractors and local DOE and the Congressional Delegation worked together to get a pension increase for Sandia retirees. That team approach was also successful in getting consistent costing of their Surviving Spouse Option. That is what we have requested for Oak Ridge retirees. The team approach worked.

I will answer the next two FAQs together, as they are related.

FAQ-4: What has CORRE ever accomplished?

FAQ-5: Why don't we just fold our tents and go away?

It would be easy to give up, but it is important to note CORRE is the only organization that represents and advocates for retirees here. The only organization! We are always available when DOE or the contractors want input or assistance and we have improved the welfare of the membership in many ways even though we have not been able to get adjustments to our pensions or the Surviving Spouse Option. Here are a few examples:

- We were instrumental in stopping an attempt to use surplus trust funds for unrelated purposes. Indeed, that threat led to the formation of CORRE some twelve years ago.
- The formation of CORRE led to the last pension increase. It was given in 2001 to retirees who retired prior to April 1, 1998.
- We were instrumental in obtaining minimum pension levels, which benefited about 1300 retirees and surviving spouses.
- We were successful in having the so-called Pop-up policy extended to all retirees. This policy restores a retiree's pension to its base amount when the spouse dies. It was not given to existing retirees when it was first introduced. CORRE got it extended to all retirees so that all are treated alike. This is another precedent that supports our request for equity in costing the Surviving Spouse Option.
- We requested that the companies share their Medicare Part D subsidy with retirees and the request was granted.
- We have represented the membership in many other, often unrecognized, ways.

I want to illustrate that last point by telling you about our actions during ORNL's recent change in its health care insurance program. Ron Honeycutt is our representative on the ORNL Benefits Advisory Committee and he provided the retiree viewpoint – wants, needs, issues – during the development stage of the new program. The Lab did what it wanted to do, of course, but it did so with due consideration of our input. CORRE assisted many retirees with timely information and with their choice of new insurance plans during the implementation stage. During the wrap-up stage, several CORRE Board members spent an entire weekend trying to locate retirees who had not responded to the Lab's communications. We found 30 of 87 missing persons that weekend. Those people would have lost their retiree health insurance had they not been located. Near the end of the transition, CORRE conducted a survey of participating retirees in order to understand the results and issues of the new program and we shared our findings with the ORNL benefits staff. We don't know whether our survey had a part in the Lab's decision to adjust the program's rates for 2013, but we do know that it supplied positive input to ORNL at decision time.

So, here is the answer to FAQs 4 and 5. **We reject the notion that CORRE has not accomplished anything, and we have no intention of going away. CORRE is here to stay.**

FAQ -6. What's Next?

This final FAQ is not one that you ask of us, but one that we frequently ask ourselves. What should we be doing now and in the near term?

I hope you noticed the bar chart poster in the lobby as you came into the auditorium. It presents growth in the cost of several commodities during the period between 1988 and the end of 2011...the period during which no cost of living increase was given to any retiree. The commodities shown are crucial to retirees. Housing costs went up 37%, food went up 43%, transportation up 48%, medical care up 67%, and utilities went up a huge 72%. One hundred dollars of pension went up zero percentage. A recent report by the Social Security Advisory Board stated: "The burden of out-of-pocket spending is not distributed equally. The share of income consumed by out-of-pocket costs is considerably higher for those who are older, poorer, and in worse health."

The message is clear. **We must continue to press for an increase in pensions for all retirees.** Somehow, we must convince the contractors that this is a very serious problem and that they have

the key role in solving it. There is an old cliché that says: “Sometimes one has to give up principles and do the right thing.”

We will continue to press for uniform costing of the Surviving Spouse Option. You will recall that those who retired prior to April 1, 2004 pay 3 to 4 times more for this benefit than those who retired after that date. We believe that all retirees should pay the same rate for the same benefit. We have a standing request with the contractors that this inequity be corrected. We believe this request is both reasonable and affordable.

We must get acquainted with a host of new managers, help them understand our issues, and build relationships based on trust and cooperation. There is new management at Y-12, WSI is gone, and who knows what the merger of contracts at Y-12 and Pantex will bring? Moreover, there is new upper management locally at both DOE and NNSA.

Finally, **we must continue to maintain good communication with other retiree organizations within the DOE complex**, in order to understand retiree issues elsewhere, and their implications, and to position ourselves to represent your best interests. Our job is to represent you whether the economy is up or down, whether times are good or bad, and whether things are calm or in turmoil.

This brings me to my annual plea for help from you members.

- Please be sure that we have correct contact information for you in our database. If something has changed, please go by the front desk in the lobby and make it right. Email and the website are our primary means of communication.
- Please continue to communicate your personal situation and needs to the legislative people at all levels, to DOE, and particularly to the contractors. Spontaneous, personal communications from individuals seem to get the most and best attention.

Thank you for your interest and your attention.