

International Association of Machinists and Aerospace Workers



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Office of the General Vice President

GL-2 Transportation

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TO ALL AIR TRANSPORT AND RAILROAD LOCAL LODGE PRESIDENTS AND RECORDING SECRETARIES

Dear Sisters and Brothers:

I am writing to dispel some rumors regarding actions that may be taken at the upcoming Grand Lodge Convention, and replace them with facts. It is true that the IAM Executive Council has proposed a change in how membership dues are calculated. However, what the final dues restructuring will look like has not been determined. I, as well as the entire Executive Council, have met with District and Local Lodge representatives to discuss the dues issue, invite input and solicit alternative recommendations to our proposal. I will respond to some of the most frequently asked questions received from those meetings below.

Why is the Executive Council proposing a new dues structure?

We are proposing a new method to calculate dues because the Union needs to generate sufficient revenue to properly represent our members and balance out inequities in the current system so everyone's dues are based on what they earn, not someone else.

What is wrong with the current dues structure?

The five methods for calculating dues contained in the IAM Constitution have served the Union well for years. But the same economic forces impacting the employers we bargain with are affecting the Machinists Union, and the old methods are no longer working.

One thing that must be clear to every member is that maintaining the status quo is not an option. For the past few years the Machinists Union has been spending more to represent members than it receives in dues. In 2007 the Grand Lodge spent \$10,000,000 more than the revenue it received in dues, and that number may be even greater this year. If this unwelcome trend continues, the organization as we know it cannot survive. This includes paying 50% of the salaries for all District Lodge General Chairpersons, District and Local Lodge servicing donations and special dispensations to qualifying Local Lodges, including 64 Air Transport Locals.

Without a new dues structure that increases revenue, the IAM may be forced to merge Locals and Districts, reduce or eliminate programs that enhance representation of our members, close and sell the William W. Winpisinger Education and Technology Center and face the real possibility of bankruptcy for our Union.

What changes are the Executive Council proposing?

The Executive Council is proposing a two-step change in the way we calculate dues. First, the various options for calculating dues currently in the IAM Constitution would be replaced with a single method: dues would be based on a percentage of an individual's gross monthly straight-time base wages. Allowances will be made for unique work situations such as flight attendants, whose pay is not based on a traditional work schedule, just as is done today.

Second, the delegates will debate and determine the percentage to be used for calculating dues. Whatever the rate is, 50% of the dues will go to the Grand Lodge and the other 50% will be distributed between District and Local Lodges in accordance with District Lodge bylaws.

Provisions can also be made for members on dues check-off who are paid weekly or bi-weekly to have a portion of their monthly dues deducted from each paycheck, instead of the entire amount deducted once a month.

Why doesn't the IAM reduce costs instead of changing the dues structure?

The Grand Lodge has been aggressively cutting costs since 2001. Full-time staff has been reduced from 829 in 2001 to 706 at the end of 2007, about a 15% reduction. The Transportation Department alone has reduced its annual budget by \$1.7 million through staff reductions, reduced travel costs, and multiple wage freezes. Additionally, the Transportation Department's satellite office in Washington, D.C. will soon be closed. Every expense is constantly being evaluated to find additional cost-saving opportunities without negatively impacting the representation provided to the membership.

What caused this problem?

At the time of 9-11, the IAM had 525,000 dues paying members. We have only 407,000 today. The Transportation Department had 125,000 active dues paying members in 2001, compared to 73,500 today. An affiliation with the Transportation Communications Union (TCU) increased our membership by 47,000 members, but TCU members will not be paying full dues to the IAM until 2012, per the affiliation agreement.

Who will decide if our dues structure is modified?

Whether there will be a shift to a percentage-based system is in the hands of the locally-elected delegates to the IAM Grand Lodge Convention in September. If our Union moves to a percentage of base pay straight-time hours, then delegates will determine the percentage, whether it is immediate or phased-in, or if there are minimums and maximums. All decisions will be made by the delegates. Just because the Executive Council made a particular proposal does not mean the delegates must simply vote yes or no on the proposal. The proposal is open to debate and amendment before a vote is taken.

The Executive Council and Grand Lodge staff have neither a voice nor a vote in the debate that will take place at the Grand Lodge Convention. Locally-elected delegates will determine the course our Union will take, just as they have done for 120 years.

What will the percentage be?

The Grand Lodge Convention delegates will determine the percentage. Currently, IAM members' dues equal an average of 1.55% of their hourly straight time wages.

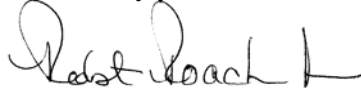
How will the proposed dues structure impact workers with non-traditional schedules?

The Executive Council recognizes that air and rail workers have different working conditions and hours than other segments of our Union. Accordingly, a special Dues Restructuring Committee comprised of Transportation Local Lodge members has been formed to address our special issues, such as reservation agents working zero hours in a month, the unique schedules of Flight Attendants, and monthly-rated mechanics in the rail sector.

Unlike some unions, the IAM is very democratic. Our Union's dues structure will be a topic of great debate at the Grand Lodge Convention in September. Ultimately, locally elected delegates – not the Executive Council or anyone on the Grand Lodge staff – will determine the path we will follow.

I am asking you, the Local Lodge leadership, to share this letter with your members so they understand the important issue at hand. If you have specific questions about the dues proposal you can email my office directly at transportation@iamaw.org for an answer.

Fraternally yours,



Robert Roach, Jr.

GENERAL VICE PRESIDENT

RR/tlm

- cc: Executive Council
- Trans. HQ Staff
- Dues Committee Members