

To: Guild Members

From: Frank Vega

Date: March 27, 2013

Re: Update on Negotiations with the Media Guild

We want to take this opportunity to update you on the status of negotiations between the *Chronicle* and the Guild. Unfortunately, as often happens during labor negotiations over important issues, there is a significant amount of inaccurate information circulating regarding our proposal on health insurance. We want to provide you with the **facts** regarding our pending proposal to invite *Chronicle*'s Guild-represented employees to join the *Chronicle*'s health plans under the **same** terms and conditions as other *Chronicle* employees. We believe that this is a very positive alternative to the anticipated exhaustion of funds of the Guild Health and Welfare Trust and the difficult problem of ensuring comprehensive, long-term health insurance for all of our employees.

As you may know, the Guild Health and Welfare Trust is no longer operating in a manner that ensures long-term financial stability and will likely exhaust its remaining reserve funds by the end of this year. We have been told by the Trustees that this is due to deficit spending by the Trust in order to keep your rates low. We have also been told by the Guild that at some point before the Trust's reserves are completely exhausted, the Trustees will have to make some difficult decisions, which could include significantly increasing participant contributions, cutting benefits in the current plans, eliminating or changing plans, or a combination of these things. The Guild's initial proposal to solve this problem – asking the *Chronicle* to write a check for over a million dollars to cover the Trust's current deficit – is not a viable solution. The *Chronicle* has provided a cash infusion of \$2.3 million to the Trust in the past, yet the Trust finds itself back in the same situation. There is no guarantee that another infusion will yield different results. The *Chronicle* believes that its employees are entitled to a reliable, long-term solution to address their health care needs.

We have looked at many different health insurance options with the Guild bargaining committee. Of the many options that we have looked at to date, the two bargaining committees have focused on working together to find the lowest cost options for Guild-represented employees to join the *Chronicle* health plans under the same terms and conditions as its non-Guild-represented employees. We also proposed other means to reduce costs to employees, such as distributing any remaining reserves in the Trust funds to Guild-represented employees to defray the costs of joining the *Chronicle* plans. Guild-represented employees are free to reject the proposal giving them the opportunity to join the *Chronicle*'s plans. We just want to ensure that you understand the facts when making that decision.

We view this as a fair proposal, allowing the Guild-represented employees the **same** access as non-Guild-represented employees to health care options. We are all aware that the escalating cost of health coverage has been a nationwide problem for years, and the *Chronicle* and the Guild are not immune. Yes, some of the *Chronicle* health plans cost more than those offered by the Guild Trust, but that is not a penalty on Guild-represented employees – we are offering the **same** rates that other employees at the *Chronicle* are already paying. Moreover, there are a number of positive differences with the *Chronicle*'s Kaiser plan compared to the Trust's Kaiser plan, including lower co-pays on hospital expenses, no co-pays on annual physicals, well-woman and pre-natal visits, and coverage for services not covered at all under the Trust plan. If you are married, your spouse now will have the choice to join the *Chronicle* plans even if he or she is eligible for coverage under another plan, unlike under the Trust plan. In addition, we are guaranteeing salary increases to Guild-represented employees during every year of this proposed Agreement.

Finally, as we have told the Guild bargaining committee, it is important to remember that member contributions to the Trust have been artificially low for years, which is partially responsible for the Trust's impending exhaustion of funds. Under the *Chronicle*'s health care proposal, you would get:

- Long-term stability of the *Chronicle* plans
- Same treatment as non-Guild-represented co-workers
- On-site assistance in administration
- Several plan options to fit various employee budget levels

We are disappointed that you may not have heard these important **facts** about the *Chronicle* plans, but we hope that you will now see the benefits and seriously consider this proposal. We look forward to continuing to work with the Guild to resolve this issue and reach a mutually beneficial agreement in the near future. We have been requesting additional negotiation dates from the Guild since our last meeting on March 4. Although the Guild has yet to provide any dates, we are hopeful that the Guild will join us back at the bargaining table soon.