

AT&T and union talks continue past deadline (Update)

April 4 2009

(AP) -- AT&T and unions for its landline workers were working past a strike deadline early Sunday to try to reach agreement on a new contract.

Core wireline contracts across the country expired at 11:59 p.m. Saturday, but union-represented employees covered by those contracts continued to work under the old agreements, according to a statement issued by AT&T.

The two sides are still far apart but union members in the East will continue to report to work for now, said Candice Johnson, spokeswoman for the Communications Workers of America.

"The CWA bargaining teams are very frustrated by AT&T's slow pace in negotiations," Johnson said late Saturday.

AT&T stands ready to negotiate at any time in a continuing effort to reach an agreement, company spokesman Walt Sharp said.

AT&T is the most heavily unionized company in the U.S., with either 112,500 CWA workers (according to the company) or 125,000 (according to the union).

The company has said a strike won't disrupt phone service because managers and contractors can keep the operation running. When this batch of contracts expired five years ago, workers struck for four days before reaching an agreement.

One key issue is the Dallas-based company's attempt to have workers and retirees pay more of the costs of their health care. The company has said it spends \$5.5 billion per year to subsidize health care for 1.2 million people, including workers, retirees, and dependents.

The company said other remaining issues include wages, pensions, and work rules.

Contracts for workers in five units were each expiring at 11:59 p.m. local time in their region. Each region was bargaining separately. That means some could make a deal while others strike, Johnson said.

The units include a national group as well as workers in the Northeast, Midwest, Southwest, and West. The talks were taking place in New Haven, Conn.; Oakton, Va.; the Chicago area; Austin, Texas; and San Francisco.

An update posted Saturday by the unit that covers Midwestern workers said the company was offering "modest wage increases that would likely have our standard of living move backward over the life of the contract." AT&T also wants to reduce the value of lump-sum pension payments and eliminate the pension for new workers, the union said.

AT&T "told us that the benefits/pension proposal was a 'final offer.' They are either not serious about the word 'final' or not serious about getting a contract," the union wrote.

Workers in the Southeast, who were bargaining in Atlanta, agreed to stop negotiations and reconvene this summer. Their contract doesn't expire until August so they can't strike at midnight, the company said.

The employees covered by the expiring contracts work for the part of the company that is shrinking. AT&T's traditional wired phone business

fell 3.3 percent to \$17.1 billion last year, while wireless revenue grew 13 percent to \$12.9 billion as customers continued to defect to cable phone services or dropped their landlines in favor of mobile phones.

AT&T earned a \$12.9 billion profit for the year, up from \$12 billion in 2007. Its fourth-quarter profit fell 24 percent from the prior year, though, paradoxically because of its success in selling more of Apple's iPhones than expected. AT&T subsidizes the upfront expense of the iPhone, aiming to make the money back over the two-year service contract.

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