



Freight Railroad FAQ's

Who's involved in the labor/freight carriers railroad dispute a few weeks ago?

The major freight carriers and the bargaining coalition in the highly unionized industry were involved in the dispute that ended on Dec. 1. The IBEW has approximately 4,000 members in the sector, which is plagued by contract stalemates and difficult working conditions.

Rail unions:

- American Train Dispatchers Association (ATDA)
- Brotherhood of Locomotive Engineers & Trainmen (BLET-IBT)
- Brotherhood of Maintenance of Way Employees Division (BMWED-IBT)
- Brotherhood of Railroad Signalmen (BRS)
- Brotherhood of Railway Carmen (BRC)
- International Association of Machinists and Aerospace Workers (IAM)
- International Brotherhood of Boilermakers, Blacksmiths, Iron Ship Builders, Forgers and Helpers (IBB)
- International Brotherhood of Electrical Workers (IBEW)
- National Conference of Firemen and Oilers (NCFO)
- SMART-Mechanical Division (SMART-MD)
- SMART-Transportation Division (SMART-TD)
- Transport Workers Union (TWU)
- Transportation Communications Union (TCU)

The seven involved Class I railroads are:

- BNSF Railway
- Norfolk Southern Railway
- CSX Transportation
- Union Pacific Railroad
- Canadian National Railway
- Canadian Pacific Railway
- Kansas City Southern Railway

How does labor law differ in the railroad industry?

The Railway Labor Act (RLA) of 1926 is the federal law that governs the bargaining process for railroad workers. Unlike most unions, the collective bargaining process for railroad and aviation workers is covered by the RLA, not the National Labor Relations Act. The RLA is more prescriptive on the process for collective bargaining negotiations and is designed to have a long, drawn-out process that encourages deals to be reached.

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In most sectors covered by the National Labor Relations Act, when a contract expires the labor organization can strike once their agreements end. However, under the Railway Labor Act, railroad labor agreements don't expire, the parties enter into what is called a status quo position. Rail workers continue to work with no changes to their rates of pay and benefits until they get a new contract. If the parties reach an impasse either party may enter into mediation.

How has bargaining proceeded in recent years?

The unions attempted to reach a voluntary agreement with the carriers. In negotiations over nearly three years, the carriers attacked the bargaining coalition's proposed health care plans and wage proposals, said Al Russo, IBEW Railroad Department Director. "They wanted to increase healthcare deductibles and co-pays and create a four-tiered plan," he said. "All of their demands were concessionary."

In January 2022, the bargaining coalition filed for mediation with the National Mediation Board, which resulted in impasse.

Why is it so difficult to reach a contract agreement with the railroad carriers?

The carriers have been slashing their workforce for years under so-called precision scheduled railroading, which is a catch-all term for layoffs and dramatic cost-cutting.

Meanwhile, over the past 7 years including the worldwide pandemic, railroad carriers have pocketed \$146 billion in profits while shedding more than 45,000 workers. During this time, the carriers have repeatedly refused to bargain in good faith with their workforce over any meaningful issues, including paid and unpaid sick leave.

What was the cause of the stalemated negotiations?

The industry refused to bargain with the rail unions over paid sick time and uncompensated sick time. That means sick workers must report to work ill or risk disciplinary action. That stalemate meant putting co-workers at risk of spreading infection in what is already a dangerous work environment. This has been the case throughout the course of the coronavirus pandemic, during which these workers have been deemed essential for their vital role in transportation commerce.

The companies have implemented harsher workplace attendance policies that penalize workers for taking time off, even for things like covid or caring for a sick family member, because they don't have enough workers to meet shipper and consumer demand.

Workers haven't received a pay raise in almost three years, are exhausted from working around the clock, and have virtually no time off to rest or see their families. The brutal work schedule is leading to workforce burnout, causing skilled workers to leave the industry in search of better jobs that give them dignity and a life.

Not only have railroads laid off and mistreated workers, they have also sidelined locomotives and decreased capital investments as they continue to drive down their operating ratios in order to increase the share value for their stockholders.

What did President Biden do?

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At the request of the rail labor organizations, President Biden appointed a Presidential Emergency Board after mediation failed.

Composed of three experienced neutral arbitrators, the board investigated and made recommendations based on the evidence presented at the hearing, prepared its recommendation and sent it to the President of the United States. As part of the Railway Labor Act, this process is in place to bring the parties together to end the dispute. The PEB 250 recommendations are just that: a recommendation which lays the groundwork for the parties to go back and negotiate during a 30-day cooling off period in the hope of making an agreement.

During the Presidential Emergency Board hearings, the bargaining coalition testified and argued for 15 days of sick time, but the carriers continued to say no. In good faith the labor coalition went back to the bargaining table and again asked for only 7 days of uncompensated sick time but the carriers continued to refuse.

After the hearings, the Presidential Emergency Board made a recommendation on a fair and equitable resolution: a 24-percent compounded pay increase over a five-year period, \$1,000 service retention bonus for working as essential employees during the covid crisis, no increases in health and welfare deductibles, and awarded one personal day.

What happened with the IBEW's railroad members involved?

During the cooling off period, some of the unions reached tentative agreements with the National Carriers Conference Committee (NCCC) and sent them out for ratification. The IBEW reached a tentative agreement with the NCCC on August 31, 2022 and sent out ratification packages to its members who ratified the agreement on September 28, 2022. After the dust settled eight of the labor organizations ratified with four remaining.

IBEW President Lonnie Stephenson said at the time: "The wage and benefit gains achieved under this agreement would not have been possible without the hard work of our Railroad Department staff, the solidarity of our members and the intervention of President Joe Biden and his administration."

Why did Congress get involved in the negotiations?

In rare instances when the parties have not reached an agreement before exhaustion of the RLA negotiation process, Congress has the authority to step in if they believe a national strike would bring economic harm to the supply chain in the United States. Past congressional measures have sometimes included implementation of PEB recommendations when the parties are unable to reach an agreement.

Some unions who did not ratify the at the end of their status quo periods have the right to exercise self-help, meaning they have the right to strike. In this case, a rail shutdown would have cost the American economy a loss of approximately \$2 billion a day.

Several votes in Congress sought to provide railroad workers with 7 days of sick time, which ultimately failed in the Senate by a vote of 52-43. All Democrats except one (Sen. Joe Manchin, WV.) voted in favor of paid sick leave with only 2 Republicans voting in favor.

The Senate passed the resolution to adopt the tentative agreement on Dec. 1, with a 80-15 vote.