

## Presidential Emergency Board Issues Freight Railroad Contract Recommendations

Presidential Emergency Board (PEB) 243 issued its report on Saturday, November 5, 2011, recommending terms for settlement of a contract dispute between the nation's freight railroads and the 11 unions—including NCFO—who jointly made their case before the PEB.

Though the railroads have shown little interest in serious bargaining to date, as required by law, negotiating sessions are scheduled in the coming weeks between the carriers and the Rail Labor Bargaining Coalition, which includes NCFO and five other unions. Bargaining has been scheduled for November 8 and 16-17.

Under the Railway Labor Act, the parties have thirty days from the issuance of the PEB report to reach agreement. Failing that, a union or unions could strike, and the railroads could engage in a lockout.

“We hope that issuance of the PEB report will finally prod the carriers to do something they’ve avoided so far,” says NCFO President John Thacker. “It’s time to get down and dirty and hammer out a fair agreement.”

The PEB recommends a five-year package of wage increases totally 15.6%, plus a 1% lump-sum signing bonus. In addition, it proposes that each union have the right to sign off on an additional pay raise of 3 % effective January 1, 2015, in lieu of waiting to re-open the contract late in 2014.

The recommended pay increases are: 2.0% retroactive to July 1, 2010; 2.5% retroactive to July 1, 2011; 4.3% on July 1, 2012; 3.0% on July 1, 2013; 3.8% on July 1, 2014; and that “optional” 3.0% increases on January 1, 2015.

The 1% ratification bonus would be based on straight-time earnings between November 1, 2010 and October 31, 2011, after the retroactive raises are factored in.

The PEB report urges moving towards a restructured health and welfare plan that would hold down the cost of insurance for employees, but increase out-of-pocket expenses when the insurance is used.

It would freeze employee health insurance contributions at the current \$200 per month until July 1, 2016, but would gradually introduce managed-care deductibles and co-pays for those who use their insurance.

Under the Board's recommendations, on July 1, 2012, a managed care deductible of \$100 single/\$200 family, and the out-of-pocket maximums of \$500 single/\$1,000 family will be introduced for the rest of that year. On January 1, 2013, managed care deductibles will be \$150 single/\$300 family, and out-of-pocket maximums at \$750 single/\$1500 maximum. On January

1, 2014, they will reach their maximum amounts: deductibles at \$200 single/\$400 family and out-of-pocket maximums at \$1,000 single/\$2,000 family.

Other PEB-recommended changes in health benefits include lowering the cost of generic drugs and urgent care visits.

The PEB also recommended that a number of craft-specific proposals—including one by NCFO—be withdrawn.

The PEB hearings were held for six days in Washington, D.C. on October 13-14 and 17-20. Each side presented two full days of testimony, with the final two day reserved for rebuttal and meetings with the PEB.

“As always in these give-and-take situations, we like some things in the PEB report and think some other things should be improved,” adds Thacker. “But, it’s high time that the railroads stop stonewalling and work with us to bargain an agreement.”

The entire 92-page *Report to the President by Emergency Board No. 243* is posted on this website. The Report includes summaries of arguments made by both sides for their respective positions.