



# The Bottom Line

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## U.S. RAIL CRISIS LOOMS AGAIN

### Summary

Two months after President Joe Biden and Labor Secretary Marty Walsh helped broker a deal that was supposed to end the monthslong impasse, negotiations have soured ahead of the deadline to ratify the contract.

### Background

The U.S. freight rail network is widely considered the world's largest, safest, and most cost-efficient freight system. The nearly \$80-billion industry is operated by seven Class I railroads (with operating revenues of \$490 million or more), 22 regional, and 584 local/short-line railroads and is largely privately owned and operated. It offers benefits that other modes of transportation cannot, including reductions in road congestion, highway fatalities, fuel consumption, greenhouse gases, cost of logistics, and public infrastructure maintenance costs. Unlike trucks and barges, freight railroads operate overwhelmingly on infrastructure they own, build, maintain and pay for themselves.

'Precision Scheduled Railroading' (PSR) ostensibly refers to trains operating on a set schedule – a commitment to enhancing efficiency in the system. In practice, it is a nebulous term that attempts to justify many cost-cutting measures. In service to this concept, railroads have cut less-profitable routes; closed railyards, repair

barns and other facilities; run fewer, longer trains; and laid off tens of thousands of workers while demanding the remaining workers do more.

Railroads have cut as many as 35 percent of workers in some functions over the past several years. Workers have had fewer days off and even more irregular schedules. The railroads have cut back on inspections, and maintenance traditionally done by union workers has been deferred and outsourced. Railroads have run longer trains that are harder to operate and more prone to derailments and in recent years, have pushed to reduce the crews of these ever-longer trains from two people to one. As a result of this self-created crisis, many workers who remained considered the situation unbearable.

### Current Status

The current bargaining with the major rail carriers has been going on since 2019, when the existing contracts came up for amendment. During this time, BNSF and Union Pacific, North America's two largest railroad corporations, reported record profits. In addition, U.S. railroads have paid out \$196bn in stock buybacks and dividends to shareholders since 2010.

A major source of contention is a new employee points-based attendance system introduced by BNSF in February this year. While BNSF said the new "Hi-Viz" policy helped the railroad increase crew availability, the unions representing railroad employees called it "the worst and most egregious attendance policy ever



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adopted by any rail carrier." Critics say it has directly contributed to staffing shortages, as hundreds of employees resigned in the wake of its implementation. Railroad managers are blaming resultant labor shortages for delays and poor on-time performance.

Even before the system was introduced, railroad conductors and engineers were essentially on call most of the time. When they get called, they have either 90 minutes or two hours to report to work. Under the Hi-Viz system, employees can be penalized anywhere from two to 28 'points' for failing to be available or report for work. Discipline results if an employee's points drop to zero. The policy requires rail workers to be available to work 29 of every 30 days. Critics of the new system say it makes it nearly impossible for employees to live a normal life or comply with quarantine requirements if infected with the COVID virus.

President Joe Biden has already prevented one strike earlier this year by imposing a cooling-off period during which a panel he appointed, known as a Presidential Emergency Board (PEB), looked at the disputed issues in the negotiations and issued a recommended settlement.

## Impact

In September the White House announced a tentative agreement had been reached following a marathon 20-hour negotiation session. The agreement gives workers not only a significant wage increase but also some protection from the rail carriers' punitive attendance policies.

Of the 12 unions representing freight rail workers, all 12 must ratify the contract to prevent a nationwide rail shutdown. Eight unions have voted to ratify it. Four others, representing roughly 60,000 workers, have turned it down. Union leaders are headed back to the negotiating table to try again to reach a compromise that their members will approve. Should any one of them fail to reach an agreement, a strike or a lockout by the rail companies could come as early as 12:01 am on December 9. Even before that, some rail service could be suspended, as we saw happen in September. The railroads have plans in place to stop shipments of hazardous materials starting 96 hours before a strike deadline. Amtrak would start cancelling its long-distance trains soon after.

If one union decides to strike, the other will honor the picket lines and the system will come to a standstill, affecting not only freight, but also some Amtrak trains and commuter rail systems. This would be an economic crisis, costing the country as much as \$2 billion a day according to the railroad industry.

### RESOURCES:

- [Freight Rail Overview](#) (US DOT)
- [Railroad 101: Freight Railroads Fact Sheet](#) (AAR)
- [Massive Rail Strike Next Week Could Deal Another Blow to Economy](#) (CNN)
- [Railroads' Workplace Attendance Policies at the Heart of Dispute](#) (NPR)
- [Rail Unions are Bargaining Over a Good Job Made Miserable](#) (Labor Notes)
- [BNSF 'Hi-Viz' Policy Under Fire as Railroaders Call it Quits](#) (Railfan Magazine)
- [Rail Workers Could Strike Before Christmas](#) (NPR)