



BACKGROUND: Freight Rail Collective Bargaining

The nation's largest freight railroads have now reached agreements with 12 of the 13 unions covered in national (multi-employer) bargaining. Ten of the agreements were reached after a Presidential Emergency Board's (PEB) hearing on the disputes and implement the settlement recommendations made by that Board.

STATUS: Railroads have agreements with 12 of 13 unions; immediate strike of threat averted as remaining union, railroads agree to extension of "cooling off" period

- On December 1, the railroads reached tentative agreements with the Brotherhood of Locomotive Engineers and Trainmen and the American Train Dispatchers Association, which together represent about 26,500 employees in collective bargaining.
- With these agreements, the railroads have now settled with have now settled with 12 of the 13 unions in this bargaining round, covering more than 80% of employees in national handling.
- The last remaining union without a settlement, the Brotherhood of Maintenance of Way Employees (BMWE), has agreed with the railroads to extend the "cooling off" period until Feb. 8, 2012, eliminating the immediate threat of a national rail strike. Absent an extension, the BMWE would have been free to strike on Dec. 6. The BMWE represents approximately 25,000 employees in this bargaining round.

NEXT STEPS: Railroads, BMWE maintain status quo until Feb. 8

- The railroads are making every effort to reach an agreement with BMWE as soon as possible to eliminate the threat of a rail strike and the uncertainty it creates for the industry and our customers.
- If the railroads and BMWE are unable to reach agreement during this extension, the parties will be free under the Railway Labor Act (RLA) to exercise "self-help," such as a strike, at 12:01AM on Feb. 8.
- National bargaining has generally led to agreements without any disruptions to rail service. However, Congress has stepped in to prevent or end strikes following exhaustion of RLA procedures.

PROPOSED AGREEMENT: Follows PEB recommendations, provides 20% wage increases over six years

- The freight railroads have offered the BMWE a settlement based on the PEB's recommendations, which have also been implemented in all 10 agreements reached since the hearing.
- In a tough economy, the agreement locks in well-above market wage increases of more than 20 percent over six years, far exceeding recent settlements with unions in other industries.

STRIKE IMPLICATIONS: Nationwide rail strike would hurt the fragile U.S. economic recovery

- A nationwide rail strike would deal a significant blow to our still tentative recovery, costing the U.S. economy about \$2 billion per day.¹
- America's freight railroads generate nearly \$265 billion in total economic activity annually and support 1.2 million jobs.² A strike would threaten the jobs of many of these Americans.
- A strike would make it impossible for companies to ship their finished products, preventing goods from getting to market, disrupting the flow of commerce and further damaging the struggling economy.
- A strike would also strand millions of commuters and further tax an already stressed highway system.

¹Association of American Railroads (AAR)

²U.S. Department of Commerce