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RE: Preventing Long-Term Rail Network Disruptions

To Rail Shipper Associations,

It is commonly said that there are two sides to every story and given that we stood side-by-side testifying in unison to the Surface Transportation Board, I believe that is vitally important that you and your fellow shippers hear from us, rail labor, about the breakdown of national negotiations and the current state of the railroad industry.

As you are most likely aware, the National Mediation Board (NMB) released rail labor and the National Carriers' Conference Committee (Class I freight railroads) from mediation on June 17, 2022, which, according to the Railway Labor Act (RLA), will most likely setup a Presidential Emergency Board (PEB) but could also result in possible work stoppages. Please rest assured that rail labor has your interests in the front-of-mind. We absolutely do not want to disrupt this nation's supply chain, nor do we want to do any more damage to a rail network system that has already been devastated by Precision Scheduled Railroading (PSR) and similar business models. You and your customers have needlessly suffered at the hands of the railroads since the advent of PSR, and it is our goal and purpose through this round of bargaining to right-the-ship.

Currently, rail workers are leaving the industry at unprecedented levels because of the hostile and chaotic work environments the carriers have created, and because of the delay and bad faith tactics the railroads have employed throughout this round of collective bargaining. To that point, the early, unanticipated departures occurring amongst this nation's railroad workforce can primarily be attributed to PSR driven edicts that have resulted in the deterioration of quality of life for the employees, the elimination of rest days (i.e., weekends), and the multi-year extension of working without any kind of raise or cost-of-living offset – even as our members worked as essential employees throughout the entirety of the pandemic. To add insult to injury, all of this has occurred while our members worked tirelessly to deliver record profits and exponential gains on Wall Street for the carriers.

Our desire to achieve an acceptable agreement at this moment is not just for the welfare of our members and their families, it is to protect America's already fractured supply chain from complete and utter failure. If the railroads' current course remains unchecked or unaltered, the mass exodus of employees will continue, and it will continue at a rate greater than which the railroads can anticipate and/or account for. We cannot and must not permit that to happen, and we cannot and must not allow generations of industrial knowledge and talent to walk out the door (as is currently occurring).

The answer to prevent all of this from happening is a collective bargaining agreement that is worthy of the efforts that our men and women have worked so hard to achieve; that is worthy of attracting and retaining talent, knowledge, and skills; and is a recognition and understanding of just how critical their role is to keeping this nation moving and providing solid, quality service to you and your fellow shippers.

So, when the AAR asks you to intervene on their behalf, please know that it is for their own self-serving purposes that they make this request. The carriers have made clear that they intend to continue the bare bones principles of PSR, and a fair agreement – to them – is nothing more than an obstruction in their path to cutting their way to profits. (I don't have to remind you that this path has already led to significant network disruptions, the "supply chain crisis," manufacturer shutdowns, and the necessitation for carriers to seek intervention by the STB.)

We are not like the railroads, nor are we like the AAR in any way. We do not have, nor do we allow outside forces to influence our decision making so that someone else can make money. Our only dedication is to the hardworking men and women that just want to do their job so that they, in turn, can make a living. But in order for them to be successful in their job, they have to provide a quality service to their railroad's customers like you. Ironically and unfortunately, it has been the railroads themselves that have been preventing our members from doing just that.

We see the value in your business, and we rely on it to be successful in ours. We cannot cut our way to profits like the railroads. We can only earn it.

Therefore, it is no surprise that we found ourselves standing shoulder-to-shoulder with rail shippers in Washington, DC, on April 26th and 27th before the Surface Transportation Board. I was proud to testify on behalf of my Union that we wholeheartedly support the shippers' efforts to obtain or regain reliable and consistent service, and I am doing so once again to reaffirm that we will do everything within our power to keep your freight moving and this country's economy strong.

The railroads proved during that hearing that they were not willing to be honest about PSR and the adverse effects it is having on your company's ability to do business. Of course, as you know by now, their testimonies were nothing more than half-truths and hyperbole, and their spin on the current state of national negotiations is no different.

The AAR is touting its offer of "fair pay and benefits terms that provide well-deserved compensation increases to our essential employees and are consistent with labor market benchmarks" to shippers like you, yet they refuse to bring their proposals into light. They are hiding their offers from everyone in an attempt to, once again, control the narrative and lead you to believe that they have your best interests at heart. That wasn't true in Washington, DC, on April 26th and 27th, and it isn't true now.

Since 2019 we have been at the bargaining table, and to this day the NCCC has not proposed an offer that would be anywhere near acceptable or fair by today's labor benchmarks. Likewise, their current proposal for wages and benefits does nothing to stop or slow the hemorrhaging of mid-career employees from walking out the door, but, rather, would only exacerbate the ongoing workforce problem; especially considering that their labor benchmarks are based on pre-pandemic and pre-inflation levels.

Once again, the carriers are doing everything in their power to protect their bottom-line. Their concern is not with this nation's supply chain; it is not with your ability to do business; and it is not with treating their employees with the dignity and respect that they deserve. This is evidenced in their latest proposal of a 14% wage increase over five years coupled with increased cost-sharing for health and welfare benefits that results in a net-zero raise for the men and women in which they employ. For obvious reasons, this is a non-starter and exactly why we are where we are.

Their proposal would spell disaster for this nation's freight rail network and is exactly why we need a PEB that is free to play itself out, the same way it has under the Railway Labor Act since 1934. This is not new, and frankly, I am offended that the AAR is attempting to use you to manipulate the process for their own self-serving desires and profits. For that reason, I would urge you to kindly respond to their request and advise them that you believe it best to allow the PEB to work as intended, free from outside influence, as this will be the only way that the supply chain and railroad customers are truly put first.

Moving forward, I welcome the opportunity to discuss further with you the realities of PSR, its effects on your businesses, and how we can best work together to overcome the railroads self-inflicted wounds that have nearly ruined America's freight rail reliability. After all, had the carriers heeded our warning when we sounded the alarm at the beginning of the pandemic to recall at least 25% of their furloughed workforces, the railroad industry would not be facing the manpower shortages that we are presently facing today.

In that vein, we are also sounding the alarm on the dangers and real-world challenges of very long trains. They are not practicable, nor are they sustainable. In fact, outside of workforce issues, which can be corrected by a fair and rewarding agreement, long trains are the greatest threat to long-term railroad survivability and to timely delivery of the products your company so desperately needs to perform its everyday functions. Legislation

and/or regulation is necessary to protect your company's investment, and once again we stand with you and would like to partner with you to ascertain you receive the service that you deserve.

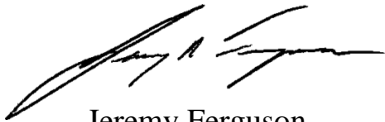
Lastly, the railroads are using the fear of service disruptions to persuade you to intervene on their behalf. This is nothing more than a scare tactic to exploit your concerns and to deflect from the realities of the poorly managed railroad system that exists today. As you know all too well, network disruptions have already occurred and continue to occur to you and your fellow shippers because of a waning workforce and the principles of PSR. A quality agreement is the only tool left in the chest to increase network capacity and improve your service reliability.

Please allow the PEB to run its course, as it has throughout its history. And please do not be swayed by the AAR's rhetoric, because their goal is nothing more than to maintain the status quo. I say – just look at what their status quo has done to you and your company.

I personally thank you for being a rail customer, and I want you to know that we truly appreciate and value what you mean to our members. Your success is our success and together I know that we can right-this-ship.

I humbly ask that you please forward this letter to the members of your Association.

Sincerely,



Jeremy Ferguson
President Transportation Division



Greg Hynes
National Legislative Director

cc: Hon. Joseph R. Biden
Hon. Pete Buttigieg
Hon. Marty Walsh
Hon. Charles Schumer
Hon. Mitch McConnell
Hon. Nancy Pelosi
Hon. Kevin McCarthy
Hon. Patty Murray
Hon. Richard Burr
Hon. Peter DeFazio
Hon. Sam Graves
Hon. Martin J. Oberman