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Freight Railroads Signal Start of New Bargaining Round

WASHINGTON (November 2, 2009) –The nation's major freight railroads today signaled the start of a new round of bargaining with the 13 rail unions, saying the round offers a fresh opportunity to lay the foundation for the industry's future success.

The service of the so-called "Section 6" notices comes at a challenging time for the industry, which has not been spared the consequences of the worst economic downturn the country has faced in decades.

In Section 6 notices served on all 13 unions, the National Carriers Conference Committee (NCCC), which represents the railroads in bargaining, said both sides must work together to meet the challenges facing the industry. That cooperation, it said, is needed "to help ensure that the railroad industry not only survives, but prospers in the years ahead."

While noting it will provide more detailed proposals later, the NCCC said it will seek a compensation package that "fairly reflects economic conditions" and called for railroad employees to "bear a share" of rising healthcare costs that is "more representative of comparable U.S. industry norms." Class I railroads will pay about \$1.6 billion in 2009 to provide medical, dental and vision benefits to their employees, nearly double the cost a decade ago.

Railroad workers are among the nation's most highly compensated workers with average compensation totaling more than \$100,000 a year, putting them in the top 9 percent of all U.S. workers, according to the U.S. Department of Commerce.

Formal negotiations in the 2010 round of national (multi-employer) bargaining will begin early next year, 15 months after the railroads successfully concluded the round of bargaining that began in November 2004. The bargaining takes place under the 1926 Railway Labor Act (RLA), which governs collective bargaining between railroads and the organizations that represent railroad employees.

More than 30 railroads, including BNSF, CSX, Kansas City Southern, Norfolk Southern and Union Pacific, participate in the bargaining.

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