

# special employee advisory

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## Frequently Asked Questions About Labor Negotiations

Yesterday, the National Mediation Board (NMB) officially released Amtrak and nine of the unions that had been in mediation with the Board. This release initiates a process aimed at resolving the issues and reaching agreement, but which could ultimately result in an imposed agreement or self-help.

During this process, which is expected to span about three months (barring any extensions), there will be considerable discussion about the issues associated with reaching agreements with the unions that represent Amtrak employees. The following frequently asked questions provide factual information to help employees understand some of the issues.

### 1. Why do labor negotiations take so long?

Negotiations in the railroad (and airline) industry are governed by the Railway Labor Act (RLA) and are administered by the National Mediation Board. When the RLA was passed in the 1920s by Congress with labor involvement, they designed the process to be long and drawn out so as to avoid (almost at all costs) any disruptions in interstate commerce. As a result, it can take a very long time for the parties to conclude negotiations. When the parties are unable to reach an agreement in direct negotiations, the determination of how quickly the parties get through the negotiating process is controlled by the NMB because of the mandatory mediation provisions found in the RLA.

### 2. Why hasn't Amtrak reached agreements yet?

Amtrak has been working to reach agreements with all of its unions. Since the start of this latest round of negotiations in 2000, Amtrak has reached both tentative and ratified agreements with a number of its unions representing a significant portion of Amtrak's workforce:

- In 2003, Amtrak reached a ratified agreement with TCU. In 2004, Amtrak reached ratified agreements with ASWC and ARASA On-Board Service Supervisors. These three agreements cover one-third of Amtrak's unionized workforce.

- In 2004, tentative agreements were reached with the train dispatchers and ARASA Maintenance of Way supervisors, but were rejected by the membership.

- In 2005, Amtrak reached a tentative agreement with the sheet metal workers. Unfortunately, the tentative agreement was withdrawn by the union.

- In the summer of 2007, Amtrak reached a ratified agreement with the Fraternal Order of Police.

- In September 2007, Amtrak reached an agreement with the Brotherhood of Locomotive Engineers and Trainmen, but the membership rejected it. Had the BLET agreement been ratified, by the end of FY 2010, the average Amtrak locomotive engineer would have been paid in excess of \$92,000 a year (including average overtime), placing them in the top 10 percent of all individual wage earners nationwide. The signing bonus would have added another \$4,500 in cash.

### 3. In general, what has Amtrak proposed?

Amtrak's proposals have all involved wage increases and medical plan cost controls consistent with the freight settlements that extend through 2009. Our proposals include pay increases, not wage cuts, and a \$4,500 signing bonus. This is in sharp contrast to what we have all read and heard in the media about large wage cuts and lower wage scales like those taken in the airline and auto-related industries.

Our proposals also seek work rule and productivity changes unique to each union. Amtrak's proposals protect employees by including no involuntary furloughs resulting from work rule changes.



Produced by  
Employee Communications

Telephone  
202 906.2696

ATS phone  
777.2696

Facsimile  
202 906.3306

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4. Have union employees had any wage increases?

Unions that settled through 2004 (see question No. 2 above) have received a nearly 14 percent increase in wages, plus 1.95 percent Cost of Living Adjustments (COLA).

During the course of negotiations with the remaining unions, employees have received COLAs every six months. On average, wages have increased 8.5 percent from 2000 to the present as a result of the COLAs.

5. What about management employees — how large have their increases been since Jan. 1, 2000, compared to union employee wages during this time, had agreements been reached?

Since Jan. 1, 2000, management employees have received a total COLA increase of 17.5 percent as of Oct. 1, 2007. In FY 2001 and 2002, there were no pay increases for management employees.

Had labor reached agreement based on management's proposals, union employee wages would have increased a total of 23.3 percent by Oct. 1, 2007.

6. What kind of wage increases and money is Amtrak offering to the unions whose agreements have been open since 2000?

Amtrak has offered both general wage increases and a signing bonus to employees. Wages would increase, on average, by 25.6 percent through FY 2010. Amtrak has also offered a signing bonus of up to \$4,500 for each employee upon ratification of new agreements. The increases are in line with those in the agreements ratified by the freight railroads and their unions.

The wage increases Amtrak has proposed, if added to the 8.5 percent COLAs employees have received, would total 34 percent from 2000 to 2010.

7. If Amtrak just recorded its highest ticket revenue ever, why can't it afford the full retroactive pay the unions seek?

Amtrak still continues to lose a significant amount of money. It is true that Amtrak has experienced record ridership and ticket revenue during the past few years.

Unfortunately, the increase in revenue goes toward decreasing the company's approximately half-billion dollar operating loss. Amtrak still requires annual federal funding support to compensate for its operating loss. In FY 2007, Amtrak received \$485 million in federal operating support — less than what it requested from Congress. Amtrak expects the operating loss in FY 2008 to be about the same as last year. Amtrak is under continued pressure to reduce its operating budget beyond current levels.

8. Can't Amtrak just get more money from Congress to fund the backpay unions want?

While the unions have varied on their backpay demands, Amtrak estimates the minimum amount of backpay required to meet union demands to total \$214 million. Amtrak's yearly appropriation from Congress does not have enough money in it to meet the backpay demands and to continue to operate a safe and reliable railroad. Congress would have to appropriate additional funds to meet the union's full backpay demands.

The administration has not supported additional funding for Amtrak. The administration's budget for Amtrak in FY 2006 was zero, in FY 2007 it was \$900 million, and in FY 2008 it was \$800 million. While Congress approved more funding than the administration had in its budget, the administration is unlikely to support appropriation legislation to pay for backpay.

9. Why is Amtrak asking its union employees to pay for health insurance?

The issue of health care cost increases continues to be one that plagues all employers and employees across our country. One-third of our unionized workforce has been making contributions toward health insurance since 2003. Amtrak is seeking \$166.25 per month in employee contribution toward the cost of health care benefits, which is in line with the freight



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railroad settlements. As a matter of basic fairness, we cannot have some employees paying for health insurance and others making no contribution.

Management employees pay an average of \$154 per month, and beginning on Jan. 1, 2008, management employees will pay an average of \$166 per month — an average increase of 8 percent.

10. Is Amtrak seeking work rule changes so that it can cut jobs?

Amtrak's proposals include no involuntary furlough as a result of work rule changes.

11. What does the future hold for Amtrak?

Amtrak's plan is to grow, which means more — not fewer — jobs. But the competitive landscape has changed significantly since 2000 and Amtrak must change with it. Therefore, Amtrak must recruit and maintain a well-trained workforce that is flexible and meets the modern-day needs of the railroad.

The railroad cannot be competitive if it maintains old ways of doing business. Many of the current work rules were inherited from agreements at other railroads that pre-date Amtrak's existence. In addition, Amtrak faces significant pressure to reduce its operating subsidy.

We have seen the profound effect on employees in the airline, auto and steel industries when they refused to recognize fundamental changes in the marketplace. And we all remember proud names like Woolworth, Pan Am, TWA and others that no longer exist because those companies couldn't adapt to changes in the marketplace. In this day and age, not one company, sector or industry in America is immune from these changes.

Just as other companies and industries evolve with the changes in their industries, Amtrak must change to meet the challenges of the marketplace and remain competitive in the transportation industry.

12. Why have most union employees been working without a contract for so many years?

Amtrak union employees have not been working without a contract. Under the RLA, contracts do not expire, but have been open to negotiation for many years. Union employees have been working under the terms and conditions of each union's most recent agreement, and all of the rights in those contracts remain intact. They continue to receive COLA increases, work under the existing work rules, and enjoy some of the best benefits anywhere in American industry.

**Please distribute at all safety meetings and post on all employee bulletin boards.**

