



## The House Committee on Transportation & Infrastructure

Chairman Peter A. DeFazio  
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### **Preventing A Railroad Shutdown: How We Got Here and the Role of Congress**

Subcommittee on Railroads, Pipelines, & Hazardous Materials | Prepared by T&I Democratic Staff  
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#### **AVOIDING ECONOMIC DISRUPTION**

- For three years, rail workers have been working without a new contract or a pay raise, and they have endured a pandemic and worsening conditions.
- Now, workers represented by several unions have rejected the latest negotiated agreement.
- Congress needs to act to prevent a railroad shutdown by 12:01 am December 9, or commerce in our country could come to a halt.
- The Class I railroads estimate a cost of \$2 billion a day in lost economic output should nationwide rail operations shut down.

#### **Why Is Congress Involved?**

- Rail labor contract negotiations are governed by the Railway Labor Act of 1926 (RLA). The railroads and rail unions (the parties) can mutually agree on a contract at any time. When the parties do not agree, the RLA provides dispute resolution procedures that postpone the ability of the parties to take action in bargaining disputes until they have completed an elaborate, time-consuming process involving negotiation, mediation by the National Mediation Board, and possible review by a Presidential Emergency Board (PEB).
- Congressional action is considered the last backstop.
- The parties have been through the entire statutorily-dictated dispute resolution process. Rank-and-file members of 4 unions have since voted down their tentative agreements. We are now at the point that Congress needs to act to prevent a lockout or strike and cessation of railroad service.

#### **State of the Railroad Industry**

- Freight railroads carry just under one-third of the nation's freight, including essential agricultural, energy, and chemical supplies. The railroads are able to provide these critical products and services because of their dedicated workers.
- Shippers are not easily able to switch cargo to another transportation mode without enduring considerable expense as other modes are unable to immediately absorb large influxes of freight or are simply unavailable. For example, the Mississippi River

is at its lowest level in years which makes moving some freight impossible. In addition, some rail customers ship heavy bulk commodities that are uneconomic by truck, or they have invested heavily in rail cars, rail spurs, and other rail capital to take advantage of the environmental benefits and the economics of rail service.

- There are approximately 115,000 railroad employees, represented by 12 unions, and seven Class I railroads who are party to the contract dispute.

### **The Root of the Conflict**

- For years, railroads have been raking in record profits, doling out generous dividends and stock buybacks, all the while demanding more and more from their employees.
- The seven Class I railroads cut their workforce by nearly one-third between 2015 to 2021. The Class I railroads began sharply cutting their workforce *years before* the COVID pandemic began in 2020. Due to these cuts, the remaining workforce has had to do more with less. This is not a sustainable practice. In response to workers' growing burnout, rather than hire additional help, the railroads responded with strict attendance policies that do not consider the need for unanticipated leave for rest or other personal matters. Railroad employees fear calling in sick will cost them their jobs.
- In 2021 alone, the Class I railroads reported \$29 billion in profit and sent \$26 billion to their shareholders. The railroads argued to the PEB that their record profits were not due to "any contributions by labor." Despite a 78% *decrease* in worker-hours and a 602% *increase* in worker-hour productivity, the railroads argued that productivity was not the result of labor and they claimed that their employees are not overworked or fatigued. However, hour-of-service violations have increased by 60 percent over the last decade.
- Despite three years of bargaining for a new contract, some rail workers and Class I railroads remain no closer to finding agreement. Congressional intervention is needed to bringing closure to these negotiations and avoid a potential strike or lockout.