



A bold voice for transportation workers

STANDING UP FOR MIDDLE CLASS FREIGHT RAIL JOBS

The freight railroads have played a critical role in our national freight network and economy, serving as a major driver of job creation and economic expansion. That is why transportation labor has always fought for smart policies that ensure this industry remains strong and continues to support middle class jobs.

Some of the policies we have pursued – such as critical safety reforms – faced stiff opposition from the rail industry lobby. We will continue to press the railroads to cooperate with their employees and their unions on proposals that will make rail transportation safer. We must adopt reforms that mitigate severe employee fatigue, establish a two-person train crew minimum standard, ensure inward-facing recording devices are used for their intended safety purpose and not unfair disciplinary action, install devices to help protect workers from railway hazards, and properly regulate the transportation of hazardous materials and ensure first responders have the tools and training they need to deal with accidents.

Today, freight railroads and their skilled workers move a significant portion of the goods that Americans ship each year and contribute to \$274 billion of annual economic activity, according to the most recent available data. The strength of the nation's freight railroads is in no small measure due to the 170,000 skilled employees who operate and maintain the rail network and its signal systems, and repair and overhaul the equipment and rights-of-way. For more than a century, the rail unions have negotiated strong collective bargaining agreements that provide middle class wages, quality health care and other benefits, and have led efforts to preserve and strengthen the Railroad Retirement System.

Railroads have made sizeable investments in their systems and operations, and maintained a well-trained and highly skilled workforce. In 2017 alone, the railroads say they will invest \$22 billion in their network. The revenues necessary to maintain these type of investments and support a robust workforce are premised on the balanced regulatory approach that currently governs this industry. Specifically, rules already are in place that protect shippers from unreasonable market behavior while allowing the rail industry to operate efficiently, return a reasonable profit and fairly compete for freight traffic. Unfortunately, some are pursuing significant and unwarranted changes to this regulatory framework that would undermine the financial health of this industry and by extension threaten good middle class rail jobs.

We are specifically concerned with a proposal that would force railroads to use their facilities to turn traffic over to competitors without a showing of anti-competitive behavior as justification. Under current law, railroads must work together if freight cannot get from its start point to its destination using just one railroad. Railroads already voluntarily agree to carry traffic from another railroad on behalf of a customer for a fee, a practice known as “reciprocal switching.” But reciprocal switching is a complicated, multi-step procedure and can be an inefficient method of moving freight. Forcing railroads to engage in this practice so that select shippers can lower rates

on a specific route would undermine the ability of freight railroads to maintain a national network and serve all customers. Additionally, reciprocal switching could potentially interfere with labor agreements and cause the dislocation of existing operating employees.

Lawmakers and the Trump Administration should also look for ways to support railroad infrastructure investments. During consideration of the surface transportation reauthorization legislation, signed into law as the FAST Act, TTD called for new policies that expand and modernize our freight rail and other freight sectors. A modernized freight network will pay back huge dividends to our overall economy.

To assist with the investment needs of short line railroads, carriers that operate the lighter-density, 'first and last mile' connections to the national freight system, the federal tax code offers a credit ('Section 45G') that credits short lines 50 cents for every dollar of track improvements they make (up to a cap). This credit expired in December 2016. We support industry's effort to make this tax credit permanent so that short lines can reliably factor this cost savings into their infrastructure improvement plans and make prudent investments on their lines. We also support making this credit available to short lines in existence as of January 1, 2015, as currently required by law. These changes will also support our members who work for many of the smaller railroads.

Transportation labor is also opposed to changing federal policy that limits the size and weight of trucks. Larger and heavier trucks represent a serious safety threat to truck drivers, other commercial operators and personal vehicles that share our nation's roads. That is why the traveling public overwhelmingly opposes proposals to permit longer and heavier trucks on our highways. Lawmakers should continue to reject this idea based on safety concerns alone. Larger and heavier trucks will also place a larger burden on our already deteriorated highway and bridge infrastructure. Almost 60,000 structurally deficient bridges and thousands of miles of roads and highways are in a state of disrepair. Upgrading this infrastructure just to a state of good repair will cost more than \$100 billion per year, and the impact of larger and heavier trucks on our infrastructure will only raise this price tag. But larger trucks will not pay these additional costs, shifting the burden to taxpayers while at the same time incentivizing shipments away from freight rail that relies heavily on private funding for its infrastructure. Railroads are capable of and currently compete against trucks that operate at reasonable weight and size limits but this level playing field must be maintained to provide for fair competition and the highest level of safety for the traveling public. We will advocate to keep responsible, common sense limitations on truck size and weights intact as part of our broader transportation safety agenda.

At a time of declining retirement security for millions of Americans, we also renew our commitment to protect the compact between the nation's railroads and its active and retired employees – the Railroad Retirement System. The obligation to protect this system doesn't rest just with the rail unions but also with the employers who share in the responsibility to protect its beneficiaries. The current system is a good one. It not only provides retirement security; it also provides for survivors and those with disabilities. We will work to protect the Railroad Retirement System and appreciate that rail employers are currently standing with us against any unwanted reforms that are offered that would undermine benefits.

Further consolidation of this industry is also a concern. Having experienced a generation of mega-mergers that left the industry with just seven Class I freight railroads, transportation labor understands the devastating impact that rail mergers have on jobs, freight service and safety. In 2016, TTD's Executive Committee came out against the hostile attempts by Canadian Pacific Railway (CP) to takeover Norfolk Southern (NS). CP's plan was to run a merged CP-NS would have resulted in a wave of job cuts, worker dislocations, and accompanying service and safety problems characteristic of past mergers. While a groundswell of opposition to CP's plan eventually grounded the company's pursuit of NS, we remain focused on any future consolidation attempts that forget the lessons of previous mergers. We must ensure the Surface Transportation Board and other federal agencies critically review and analyze other potential job-killing merger applications to prevent previous mistakes from being repeated and to protect good jobs, service and the public interest.

The freight rail industry remains an important component of our national economy, helping facilitate trade, connect industrial and agricultural communities to export opportunities, and connect consumers to goods. Policymakers should support policies that bolster the ability of the industry and its workforce to meet the needs of the economy while maintaining the highest labor and safety standards.

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