

Synopsis of PEB 250



Report and Recommendations Affecting Railroad
Employees Represented by

SMART Transportation Division and the
Brotherhood of Locomotive Engineers & Trainmen



This presentation is designed to merely provide a general overview of PEB 250's Report and Recommendations, and outline the facts contained therein.

PEB 250 General Wage Increases

<u>Date</u>	<u>Increase</u>	<u>Compounded</u>
7-1-20	3.0% GWI	1.030
12-1-20	\$1,000.00 service recognition bonus	
7-1-21	3.5% GWI	1.066
12-1-21	\$1,000.00 service recognition bonus	
7-1-22	7.0% GWI	1.141
12-1-22	\$1,000.00 service recognition bonus	
7-1-23	4.0% GWI	1.186
12-1-23	\$1,000.00 service recognition bonus	
7-1-24	4.5% GWI	1.240
12-1-24	\$1,000.00 service recognition bonus	

24% compounded GWIs (largest increase in 47 years)

Full retroactivity

PEB 250 also considered additional 2.1% GWI value in:

- 1 additional day of paid leave (0.5% GWI)
- \$5,000 in bonuses over term of agreement (0.9% GWI)
- BMWED travel/reimbursements (0.7% GWI)

PEB 250 Rates of Pay

**Base Pay Without Overtime, Tonnage, or Mileage Components
Basic 5-Day Week for Yard Assignments**

Train Service Employees						
	Current	3% July 1, 2020	3.5% July 1, 2021	7% July 1, 2022	4% July 1, 2023	4.5% July 1, 2024
Thru Freight	\$239.64	\$246.83	\$255.47	\$273.35	\$284.29	\$297.08
Foreman	\$264.34	\$272.27	\$281.80	\$301.53	\$313.59	\$327.70
Brakeman	\$253.60	\$261.21	\$270.35	\$289.27	\$300.85	\$314.38
Switchtender	\$242.39	\$249.66	\$258.40	\$276.49	\$287.55	\$300.49

Engine Service Employees						
	Current	3% July 1, 2020	3.5% July 1, 2021	7% July 1, 2022	4% July 1, 2023	4.5% July 1, 2024
Thru Freight	\$262.09	\$269.95	\$279.40	\$298.96	\$310.92	\$324.91
Yard Service	\$276.86	\$285.17	\$295.15	\$315.81	\$328.44	\$343.22

PEB 250 Recommendation for Retroactive Payment + Bonuses

Assuming January 1, 2023, Implementation Date

Annual Earnings Basis	07/01/20 – 06/30/21	07/01/21 – 06/30/22	07/01/22 – 01/01/23	Bonuses	Total Backpay and Bonuses Due
\$75,000	\$2,250	\$4,954	\$5,319	3x \$1,000	\$15,523
\$100,000	\$3,000	\$6,605	\$7,091	3x \$1,000	\$19,696
\$125,000	\$3,750	\$8,256	\$8,864	3x \$1,000	\$23,871
\$150,000	\$4,500	\$9,907	\$10,637	3x \$1,000	\$28,044

PEB 250 Impact on Annual Earnings Cumulative Value of Wage Package

Total Contract Period

Annual Earnings Basis	3% Increase 07/01/20	3.5% Increase 07/01/21	7% Increase 07/01/22	4% Increase 07/01/23	4.5% Increase 07/01/24	Bonuses	Cumulative Value as of 07/01/25
\$75,000	\$77,250	\$79,954	\$85,551	\$88,973	\$92,977	5x \$1,000	\$54,725
\$100,000	\$103,000	\$106,605	\$114,067	\$118,630	\$123,968	5x \$1,000	\$71,270
\$125,000	\$128,750	\$133,256	\$142,584	\$148,287	\$154,960	5x \$1,000	\$87,837
\$150,000	\$154,500	\$159,908	\$171,101	\$177,945	\$185,953	5x \$1,000	\$104,407

PEB 250 Work Rules and Attendance

- Rejected Carriers' crew consist proposal(s)
 - Crew consist will remain subject to local handling/RLA process
- Unions' proposal for scheduled time off bundled with Carriers' proposals for assignment selection, bidding, and pools, and sent to local handling
 - Subject to expedited parties-pay binding arbitration
- Unions' increased meal allowance proposal sent to local handling
- Rejected Unions' 15-day paid sick leave proposal
- Rejected Unions' negotiated attendance policy proposal
- Rejected Unions' holiday proposal (+3 days)
- Rejected Unions' yardmaster scope rule and vacation proposals

PEB 250 Health & Welfare

- Rejected Carriers' 88% Actuarial Value ("AV") proposal
 - Carriers proposed 50-100% increases in ER visits, copays, Rx, and OOP maximums
 - Current AV remains at 92% (est.)
- Rejected Carriers' two-tiered monthly contribution proposal
- Rejected Carriers' site-of-care, prior authorization, and Rx proposals
 - Carriers proposed drastic increases in drug costs and disruption to members
- No changes to dental or vision coverage
- Increase annual hearing benefit from \$600 to \$2,000
- Remove age limits for speech therapy (currently 3 years old)
- Provide autism related therapies, including applied behavioral analysis (ABA) benefits

PEB 250 Health & Welfare Continued

- Return monthly cost-sharing from current 12.6% to 15% of total premiums
 - Changes will not be applied retroactively
 - Premiums adjusted each year, based on prior year's claims
 - Future contribution rates (as estimated by United Healthcare):
 - \$228.89 current monthly cost-sharing contribution
 - \$295.00 effective January 1, 2023
 - \$308.00 effective January 1, 2024
 - \$326.00 effective January 1, 2025
 - \$366.00 effective January 1, 2026
- Develop vendor rebid process to ensure current costs are competitive and not excessive

PEB 250 Myths vs Facts

Myth	Fact
<p data-bbox="453 776 1200 868">The PEB's terms are final and binding! It's time to go on strike!</p>	<p data-bbox="1352 475 2283 815">As indicated on the cover letter and throughout the document, the PEB issued a <u>report</u> to the President of the United States which offers <u>recommendations</u> for a settlement. If either party is dissatisfied with those recommendations, they may serve as a starting point for further negotiations.</p> <p data-bbox="1352 876 2283 1172">Currently, SMART-TD and BLEET intend to return to the bargaining table and make every reasonable effort to negotiate a voluntary agreement that we and our members deserve. If those talks fail, then self-help may become our best and only option.</p>

PEB 250 Myths vs Facts

Myth	Fact
<p>The PEB gave the Carriers everything they wanted!</p>	<p>This could not be farther from the truth. PEB 250 flat-out <u>rejected</u> the Carriers' proposals to:</p> <ul style="list-style-type: none"> • Provide only 16% in General Wage Increases • Withhold GWIs from properties where crew consist disputes exist, and force the parties to expedited, binding arbitration over the issue • Increase H&W co-pays, coinsurance, ER visits, and out-of-pocket maximums by 50-100% • Implement a myriad of restrictive H&W design changes, resulting in increased costs for outpatient procedures and prescription drugs • Introduce a two-tier H&W contribution structure that penalizes employees for being married

PEB 250 Myths vs Facts

Myth	Fact
<p>The PEB didn't give the Unions anything that we wanted!</p>	<p>In addition to rejecting most of the Carriers' proposals, PEB 250 recommended:</p> <ul style="list-style-type: none"> • A wage and bonus structure that the railroads would <u>never</u> have voluntarily accepted • On-property negotiations to address work/rest cycles, time off, assignments, and scheduling • Hearing benefits increased from \$600 to \$2,000 annually • Removal of all speech therapy age limitations (currently set at only 3 years old) • Added coverage for autism related therapies, including Applied Behavioral Analysis (treatment can cost upwards of \$50k/year out-of-pocket!)

PEB 250 Myths vs Facts

Myth	Fact
<p>The PEB didn't give us back pay!</p>	<p>It is true that the Carriers refused to offer back pay for 2 whole years. However, they relented in their position after the Unions declared an impasse in January 2022. For the remainder of this bargaining round, the Carriers, the Unions, and, most importantly, PEB 250 all agreed that there should be <u>full back pay</u>.</p>

PEB 250 Myths vs Facts

Myths	Facts
<p>24% compounded GWIs over 5 years is weak!</p>	<p>Factually speaking, this PEB’s recommendation would provide the highest percentage of wage increases we have seen in more than 47 years.</p>
<p>24% compounded GWIs don’t even come close to keeping up with inflation!</p>	<p>According to PEB 250, their recommended 2020 increase is “<i>significantly higher than the rate of inflation in that year.</i>” They acknowledge that their 2021 and 2022 recommendations are “<i>slightly below, but not significantly so</i>” when considering bonuses and wage growth in 2020. The PEB also notes that their recommendations for 2023 and 2024 are “<i>slightly higher than the projected amounts of inflation, even before consideration of the bonus payments</i>” or other items of value in their recommendation.</p>

PEB 250 Myths vs Facts

Myth	Fact
<p>The PEB essentially did nothing to address our quality of life!</p>	<p>PEB 250 saw the resolution of this issue being unique to each work location. Therefore, the Board recommended that the issue be addressed on a Carrier-by-Carrier basis. To ensure expedient resolution, these negotiations would be subject to party-paid, binding interest arbitration. Page 90 of the Report states:</p> <p><i>“The Board is further persuaded that, intertwined with and integrally related to [bidding, pools, and extra board processes,] is the subject of flexibility, efficiency, certainty, and fairness of work schedules, including (but not limited to) the subject of scheduled days off and that these issues must also be addressed in the bargaining.”</i></p>

PEB 250 Myths vs Facts

Myths	Facts
<p>If monthly H&W cost-sharing contributions are set at a fixed 15% of the total premiums, then the Carriers will just jack up the premiums! We'll be paying \$2,000 per month!</p>	<p>Neither the Carriers nor the Unions have unilateral authority in determining rates. If the Carriers did have control over rates, they would want to <i>lower</i> them since they would be paying the other 85%! Healthcare premiums are typically set in October of each year, to be effective January 1 of the following year. Rates are based on the number and cost of the claims paid out during the previous year, and the Plans' available funds. These are hard facts, supported by irrefutable data.</p>
<p>Monthly H&W cost-sharing contributions are being applied retroactively! There goes all our back pay and bonuses!</p>	<p>PEB 250's recommendation is for cost-sharing changes to be effective January 1, 2023. There is no retroactivity on H&W cost-sharing!</p>

PEB 250 Myths vs Facts



Myth	Fact
<p>Whatever we gain in GWIs is always given back in out-of-pocket healthcare costs! We haven't had a good contract in decades because of this!</p>	<p>This has never been the case. With respect to PEB 250's recommendation, the only added healthcare costs involve our monthly contributions. These costs will account for a small portion of the wage package.</p> <p>In fact, as illustrated in the chart below, the projected costs for the increased monthly contributions will not even account for one quarter of the \$5,000 in bonuses. In this case, all GWIs are kept, and none will be diminished by added healthcare costs.</p>

	2020	2021	2022	2023	2024	2025	Life of Contract
Bonus	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	N/A	+\$5,000 Bonuses
Annual Cost-Share Increase	N/A	N/A	N/A	+793.32	+\$156.00	+\$216.00	-\$1,165.32 Total Added H&W Costs
Cumulative Cost-Share Increase	N/A	N/A	N/A	+\$793.32	+\$949.32	+\$1,165.32	\$3,834.68 Remaining Bonuses