



**INTERNATIONAL  
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September 1, 2022

To: All Railroad Members Working for Railroads Covered Under National Bargaining

Dear Sisters and Brothers:

The International Brotherhood of Electrical Workers (IBEW) has reached a tentative agreement with the nation's freight rail carriers that are represented by the National Carrier Conference Committee (NCCC). This agreement is now before you for ratification.

Pursuant to my previous letter, dated August 22, 2022, following the report and recommendations set forth by Presidential Emergency Board No. 250 (PEB), it is important to note that the objective of the PEB recommendations is to effectuate discussions that would lead to a voluntary agreement between the unions and the NCCC, the bargaining group of the nation's freight railroads.

As such, the IBEW met with the NCCC in Chicago, Illinois on August 25, 2022, and August 26, 2022, in an effort to further negotiate the recommendations of the PEB into language sufficient to create a tentative agreement. The IBEW was joined in these negotiations by the American Train Dispatchers Association; Brotherhood of Locomotive Engineers And Trainmen/IBT; Brotherhood of Maintenance of Way Employees Division/IBT; Brotherhood of Railroad Signalmen; International Association of Sheet Metal, Air, Rail And Transportation Workers - Transportation Division; International Association of Sheet Metal, Air, Rail And Transportation Workers - Mechanical Department; National Conference of Firemen & Oilers, 32BJ/SEIU; and Transport Workers Union of America.

On Tuesday, August 30, 2022, the IBEW met again with the NCCC in Arlington, Virginia for further negotiations. As a result of our post-PEB negotiations, the IBEW was able to negotiate specific, clear language to implement the PEB recommendations. Ultimately, we were able to attain a tentative agreement which is now before you for ratification. A summary of that tentative agreement is below:

Wages

Providing for 22% (24% compounded) in general wage increases (GWI) over its five-year term, this agreement offers the largest increase in GWI seen in **47 years**. Under this agreement the average basic rate of pay for an IBEW member will go from \$33.09 per hour to \$41.02 per hour over the five-year term, as detailed in the following table:

Effective Date	Previous Rate*	General Wage Increase	New Pay Rate
July 1, 2020	\$33.09	3.0%	\$34.08
July 1, 2021	\$34.08	3.5%	\$35.27
July 1, 2022	\$35.27	7.0%	\$37.74
July 1, 2023	\$34.74	4.0%	\$39.25
July 1, 2024	\$39.25	4.5%	\$41.02

\* Rates of pay may vary slightly by carrier and position



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All Railroad Members Working for Railroads Covered Under National Bargaining  
September 1, 2022  
Page 2

If ratified, members would see an immediate 13.5% (14.1% compounded) general wage increase. The average member will realize a cumulative income gain over the life of the contract of approximately \$37,325.00:

Time Period	GW	New Rate	Annual Hours without OT	Base Salary per Period	Difference from Prior Contract
July 1, 2019 - June 30, 2020*		\$33.09	2080	\$68,827.20	\$ -
July 1, 2020 - June 30, 2021	3.0%	\$34.08	2080	\$70,886.40	\$2,059.20
July 1, 2021 - June 30, 2022	3.5%	\$35.27	2080	\$73,361.60	\$4,534.40
July 1, 2022 - June 30, 2023	7.0%	\$37.74	2080	\$78,499.20	\$9,672.00
July 1, 2023 - June 30, 2024	4.0%	\$39.25	2080	\$81,640.00	\$12,812.80
July 1, 2024 - June 30, 2025	4.5%	\$41.02	2080	\$85,321.60	\$8,247.20**
* Previous contract	Net gain over term of this agreement:				\$37,325.60
**Indicates wage increase through December 31, 2024					

Additionally, retroactive pay based solely on these GWI increases from July 1, 2020, will average over \$10,000.00 per member for current employees who have been employed since at least July 1, 2020.

In addition to the GWI detailed above, this agreement also provides a \$1,000.00 annual service recognition bonus to be paid each year. The service recognition bonus for 2020, 2021, and 2022 would be included in the retroactive wages (per Side Letter #1), bringing the total average retroactive pay to more than \$13,000.00 for current employees.

For years 2023 and 2024, the bonus will be paid in December. To be eligible for the bonus in any year of the agreement, the employee must work at least one day between January 1 and November 30 and be either (1) an active employee on December 1 of that year, or (2) retire or die after January 1 of that year to qualify for that year's payout.

The retroactive pay calculations are an example based on the Journeyman Locomotive Electrical Workers rate of pay (currently \$33.09 per hour) who worked 40 hours per week. Members in different classifications or those who earned a higher rate of





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All Railroad Members Working for Railroads Covered Under National Bargaining  
September 1, 2022  
Page 3

pay or averaged more or less hours than 40 hours per week will receive different amounts of retroactive wages (see enclosed retroactive wage calculation sheet for more information).

Note that pay received for differentials (Lead, CDL, FCC, etc.) is unchanged, therefore retroactive wages are based solely on the base rate of the position the member held.

### Health & Welfare

It has been our position all along to remain steadfast in our conviction not to give in to the unreasonable demands of the railroads as to Health and Welfare, demands that during negotiations and mediation were much more costly to our members than what we finally attained. This agreement includes no changes in the design of the plan such as out-of-pocket costs (co-pays, deductibles, etc.) or any reductions in benefits. In fact, several improvements to the current health and welfare plan were obtained. Effective January 1, 2023, the following improvements will be made to the Plan:

- Increased annual maximum for hearing benefits from \$600.00 to \$2,000.00.
- New coverage, without age or dollar limits, for diagnosis and treatment of autism spectrum disorder, including speech, occupational and physical therapies, Applied Behavior Analysis and other intensive behavioral therapies.
- Removal of age limits on speech therapy coverage for treatment of certain conditions.

In addition, the Joint Plan Committee will meet to design and oversee an appropriate rebid process to ensure costs are competitive and not excessive.

Based on the recommendations of the PEB and subsequent negotiations, the cap on monthly employee contributions will be reset on January 1, 2023. Effective that date monthly employee contributions will be 15% of the monthly premium, with the remaining 85% borne by the carriers, for the remainder of the contract. The employee cost-sharing amount will adjust January 1 of 2024 and 2025 to maintain the contribution at 15% of the monthly premium.

Because the cap will first reset on January 1, 2023, there will be no deduction of health and welfare cost sharing from retroactive pay.

Historically, the reset of the cap is nothing new, nor is it anything the carriers can unilaterally manipulate. Prior to July 1, 2016, when the monthly cost-sharing rate was frozen at the current rate of \$228.89, monthly contributions were set at the rate of 15% of the individual's full monthly healthcare premium; the member's contribution changed annually with fluctuations in premiums. What is proposed in this agreement is nothing new.



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All Railroad Members Working for Railroads Covered Under National Bargaining  
September 1, 2022  
Page 4

Moreover, the employee cost share **rates are set each year and discussed by the Joint Plan Committee**. Rumors that the carriers will inflate the costs of healthcare to "stick it to us" are nonsense. First, they simply do not have that ability or the data to make such a decision. Second, any increase in healthcare premiums would cost the carriers more money – something we know the carriers want to avoid. Under this agreement members will pay 15% of the premium, and the carriers must pay the remaining 85%. It is in the best interest of both parties to help contain the rising cost of health care.

In reality, rates are set by the Joint Plan Committee (JPC), a panel comprised of both carrier and union officers (including IBEW Railroad Department Director Al Russo). The JPC meets regularly with representatives from our healthcare vendors (United Healthcare, Aetna, etc.). During the meetings new rate structures are discussed and agreed upon based on the prior year's medical claims experience and upcoming year's projected claims experience by the plans actuaries. The rates that will be effective on the first of each year is set in late Autumn of the prior year. The new rates will be announced well before their effective date.

Additionally, a rebid process will be implemented and overseen by the JPC. This will be the JPC way of keeping the insurance vendors competitive by determining whether other vendors can provide the same level of health care benefits at lower administrative costs. In turn, lower costs will result in lower premiums, and a lower monthly cost-share for the members.

Ultimately, any savings to the plan will be a savings to each member. As quoted by PEB 250:

"...At times in the past, the contribution rates were at an uncapped 15%. During those periods, the employees had "skin in the game" in the sense that if the overall costs of providing benefits under the Plans increased, then employee monthly contribution amounts similarly increased proportionately, moderating the increase in costs payable from the Carriers and providing incentives for the Plans to be operated in an appropriate and cost-effective manner. During the periods when monthly employee contributions were capped, however, 100% of the risks and costs under the Plans were borne by the Carriers. Whenever the employee monthly contribution rates are capped, there is no monetary incentive on the part of the Organizations to agree to any cost-saving changes, even changes that had no material adverse impact on benefits."

Based on projected healthcare costing trends, without accounting for changes from the bid process, the monthly contributions are projected to be:





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All Railroad Members Working for Railroads Covered Under National Bargaining  
September 1, 2022  
Page 5

Effective Date	New Cost Share Rate	Previous Rate	Rate Increase per year
January 1, 2023	\$295.00	\$228.89	\$66.11
January 1, 2024	\$308.00	\$295.00	\$13.00
January 1, 2025	\$326.00	\$308.00	\$16.00
January 1, 2026	\$366.00	\$326.00	\$40.00

There are no changes to employee opt-out procedures or payments.

#### Paid Time Off

Freight railroad employees have not seen any additional paid time off in over 40 years. Now, as a result of this round of bargaining, this tentative agreement would provide all members, regardless of years of service or days worked in the previous year, with one additional Personal Leave Day. That day can be used in 1 of 3 ways:

- As a Personal Leave Day, used in accordance with applicable Personal Leave Day rules; or
- As a single-day vacation, scheduled in accordance with applicable Vacation rules; or
- On the employee's birthday or, if the birthday falls on a rest day, the workday preceding or following the employee's birthday.

If the employee does not elect how he wants this day used, the single-day vacation will be the default method of use.

#### Me-Too Clause

In the event that any other organization receives more favorable GWI during this round of bargaining, the carriers have agreed to provide the IBEW with the same, or something of equal value, as obtained by the other organization(s).

In conclusion, this has been a long uphill battle, a battle on many fronts, understanding the many sacrifices our members endured since filing our Section 6 notice. The Labor Coalition stood together holding their ground never giving in to the carrier's concessionary bargaining tactics. Initially, the carriers refused to discuss wage increases, and only wanted to talk about dramatic Health and Welfare benefit plan design changes and cost shifting from them to you, something we never agreed too. On January 24, 2022, we entered into mediation with no progress. The National Mediation Board forced the Parties into Super Mediation which ended in an impasse where the parties were later granted a release. On July 18, 2022, at 12:01 a.m., President Biden established Presidential Emergency Board 250.

The positions held by the union coalitions and the carriers were contrary in nearly every aspect and remained so throughout the PEB process. Although, the PEB



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All Railroad Members Working for Railroads Covered Under National Bargaining  
September 1, 2022  
Page 6

came up short in its recommendation in some respects, their recommendation on GWI is historically the highest in bargaining history. In the end, the PEB recommendation brought the parties together for final negotiations in the hope of finding a way to a voluntary agreement.

We have limited options at this point in the process. Before you decide on whether you are in favor or not in favor of ratification, we need to look at what's at stake. Not voting for ratification provides the following risks:

- On September 29, 2022, the parties can resort to self-help.
- Labor can Strike.
- The Carrier can lock-out its workers and impose changes to GWI, Health and Welfare, and Work Rules.
- Congress can intervene and order everyone back to work and impose the PEB 250 recommendations.
- Congress can impose different terms than provided in the recommendation.
- Congress can extend the cooling off period bringing the dispute into the mid-term election.
- Congress could take other action to prolong the process.

In other words, this process could take us well into 2023.

At this point your options are limited, and as stated above these are the potential consequences of what could happen. If the agreement is rejected, that would most likely lead to a potential strike. Before a strike occurs, Congress, especially in light of today's economy and supply chain issues, would most likely intervene to prevent it, and final resolution of the dispute would then be in the hands of Congress, which is unlikely to result in a better offer than this agreement.

Historically, when this process is dealt into Congresses hands, they usually imposed the PEB recommendation. Although, not guaranteed, as you can see above, there are unpredictable scenarios that can happen.

Inasmuch, I, Railroad Department Director Al Russo and all U.S. System Council General Chairman representing the freight sector recommend ratification of this tentative agreement. This agreement runs through December 31, 2024, and in less than two years the negotiating process will start all over again.

Enclosed for your review and action are the tentative agreement, retroactive wage calculation guide, voting instructions, voting ballot, ballot envelope, and postage-paid return envelope.

**Please follow the instructions carefully so that your vote will count.**





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All Railroad Members Working for Railroads Covered Under National Bargaining  
September 1, 2022  
Page 7

**All ballots must be returned by Tuesday, September 27, 2022.** Ballots will be opened and counted on Wednesday, September 28, 2022, at the IBEW International Headquarters. Results will be announced immediately. Local Unions wishing to send a representative to assist and witness the ballot count should contact IBEW Railroad Department Director Al Russo at [Al\\_Russo@ibew.org](mailto:Al_Russo@ibew.org).

**Please note, any ballots defaced or marked-up other than an X mark will not be counted.**

I would like to thank the negotiating committee for attaining this agreement for our members. The committee, led by IBEW Railroad Department Director Al Russo, consisted of your System Council General Chairmen: System Council 2 Jim Wisniski, System Council 6 Tom Owens, System Council 7 Arthur Davidson, and System Council 16 Jeff Allred, assisted by International Representative JJ Giuliano and Railroad Coordinating Counsel Labor Attorney Lucas Aubrey.

Thank you for your patience, cooperation, and solidarity during these trying times. If you have any questions pertaining to the agreement, please feel free to contact your general chairman or IBEW Railroad Department Director Al Russo by email to [Al\\_Russo@ibew.org](mailto:Al_Russo@ibew.org).

With best wishes, I am

Fraternally yours,

Lonnie R. Stephenson  
International President

LRS:rm  
Enclosure  
Copy to All International Vice Presidents  
All IBEW Railroad General Chairman