Brotherhood of Maintenance of Way Employes Division
of the International Brotherhood of Teamsters

NEWS CLIPS

January 15, 2010

Randall Brassell, Director of Communications
Telephone: 615-521-4097 (Fax) 615-824-2164
email: rbrassell1@aol.com

Congress, Don't Tax Our Health Insurance Plans

James P. Hoffa
January 8, 2010
Huffington Post

The last thing the American middle class needs right now is a big new tax on health insurance plans.

Many working people are now poorer than they were 10 years ago. Middle-class families earned less in inflation-adjusted dollars than they did in 1999. Homeowner wealth dropped by $11 trillion in the housing bust, and a staggering one-quarter of them owe more on their mortgages than their homes are worth.

But the U.S. Senate wants to further impoverish the American middle class. As many as 30 million working people will pay a massive new tax in the first five years of the Senate health care reform plan.

The House, on the other hand, has the right idea. It pays for health care reform with a small surtax on those who benefited most from changes in our tax code - people who earn more than $500,000 a year. The House also requires most employers to provide health care for their workers.

We support the House plan because it really does reform health care. It will lower costs, deliver more health care and cover more people. It will level the playing field, taking away the unfair cost advantage enjoyed by employers who don't offer health insurance.

The Senate plan, on the other hand, would punish employers who already provide health care by taxing their health insurance plans. A recent survey found that 87 percent of employers said they will cut benefits if reform increases their costs, and 86 percent said they would pass the additional costs on to workers, according to Towers Perrin.

That isn't cost control. It also isn't fair and it isn't reform.

The Senate's proposed tax has been mischaracterized as a tax on "Cadillac plans." That ignores the very real reasons some health plans are expensive. One big reason is that insurance companies take excessive profit, not that they offer too much care.

Many, many people are in expensive plans because they are old or sick or work in dangerous professions. Plans with more women workers have higher costs. Small businesses often have to pay more.

The tax would apply to one-fifth of all employers in 2013, the first year that health reform takes effect. More and more people would get hit each year after that. The threshold for taxable plans is indexed for inflation, which doesn't rise as fast as health care costs.

Here's an example of how it would work for federal workers covered by the Blue Cross/Blue Shield standard plan. Single people in the plan will immediately pay an average of about $1,600 more per year for 10 years. Families will get hit in the third year, paying an average of about $2,000 more per year for 10 years.

By 2022, the Blue Cross/Blue Shield standard family plan will cost $5,500 in taxes per worker. Single people could pay as much as $3,500 per worker.

Middle-class families in private and public sector jobs, union and non-union alike, will be hit hard by this tax on health care benefits.

We want to work with the Senate, the House and the administration to achieve real healthcare reform. Adding to the financial burden of middle-class wage earners isn't the way to do it.

Saving 30,000 Jobs

How the Teamsters Beat Goldman Sachs

By ANDREW COCKBURN

January 8, 2010

Among the causes of the ongoing financial meltdown, many experts cite the Commodity Futures Modernization Act, smuggled through Congress late on a December evening in 2000. The law exempted Credit Default Swaps (CDS) which are essentially bets on the value of securities from all regulation, including state gambling laws. This allowed Wall Street to conclude that any risk could be hedged with a bet. The result, of course, was disaster, with economic consequences that we will be feeling for a very long time.

"When I wrote part of that legislation with these hands on my little keyboard," a former financial industry lobbyist who helped craft the law recently told me, "I didn't realize that this was going to make people lose their jobs, pension funds their reserves, universities their endowments. But that's what happened"

There are now shelves full of books describing the disaster caused by the enabling of Wall Street as a wide open casino. Butt amidst the wreckage and plaintive cries for "reform," Wall Street is full tilt in the business of destroying companies and throwing thousands of men and women out of work in order to turn a quick profit on a CDS trade.

In recent weeks the 30,000 employees of YRC Worldwide, one of the nation's largest trucking companies, discovered that they had unwittingly been drafted as chips in the casino. The company, built up through a series of misguidedly overpriced takeovers in the years of the credit bubble, had hit a financial wall thanks to the fall off of business in the recession. Unless investors holding the company's bonds could be persuaded to swap their debt for equity, the company would go bankrupt and its employees thrown out of work.

In a sane world the bondholders would have had little trouble in seeing the wisdom of the plan and signing on. But the world we live in does things differently. We have, for example, the practice known as "basis packaging" in which a company such as YRCW, while attempting to restructure its debt, discovers that some of the bondholders have simultaneously bet, through the use of credit default swaps, on the company going bankrupt. As bondholders, they can sabotage any rescue operation by refusing to cooperate and thus collect on their winning bets even as the truck drivers begin collecting unemployment.

This was exactly what was happening in the case of YRCW. According to Michael Greenberger, the University of Maryland law professor who headed Trading and Markets at the Commodity Futures Trading Commission in the Clinton Administration, this was a case of "Goldman (Sachs) et al seemingly forcing the country's biggest truck company into bankruptcy in order to get pay-offs under CDS, with 50,000 jobs at stake.

Hedge fund entrepreneur David Einhorn, who denounced the malign practice at an investors' conference earlier this year, claims that "basis packaging" has already been a major contributor to the bankruptcy of companies such as Abitibi-Bowater, General Growth Properties, Six Flags and even General Motors. Deriding calls for regulation of the CDS business, he declared that "trying to make safer CDS is like trying to make safer asbestos. How many real businesses have to fail before policy makers decide to simply ban them?"

Waiting for policy-makers to do the right thing will take a while. Credible reports indicate that Rahm Emanuel is counting on Wall Street cash to get the Democrats through the 2010 election. But fortunately the YRCW workers had the backing of their union, the Teamsters.

With strategic input from Greenberger, the Teamsters were able to identify whom they were up against. "We picked up intelligence that Goldman (Sachs) was making markets (in CDS) and then we got some direct evidence," Teamster spokesman Ian Gold tells me. But Goldman was not alone. "All of Wall Street" was trying to bring the company down.

In response, the union made it clear that they were prepared to name names. "We would make it our mission to hold people accountable," says Gold. Following advice from Greenberger on strategy, Teamster President James Hoffa wrote to relevant Senators, Congressmen, State Attorneys General and regulators detailing how "Certain financial firms, have been or are marketing and/or underwriting a strategy where bonds in YRCW would be bought by investors with the intent of voting against the exchange, thereby triggering a bankruptcy that would pay the investors and possible other financial firms huge profits from the high CDS payments which would be triggered by a YRCW bankruptcy or liquidation. The profit from the YRCW CDSs would far outweigh losses from the failed YRCW bonds."

Widely reviled as "the vampire squid" of the financial world, Goldman proved unwilling to be charged with throwing 30,000 truckers out of work. The bank not only caved, but offered its help. "As well it should have," notes Greenberger. In a sudden turnabout, the company began cooperating in an effort to recruit bondholders who would do the right thing and vote for the restructuring. Even so, time was running out. YRCW was forced to postpone the crucial vote on the structuring no less than six times. By December 30, Brigade Capital, a $5 billion New York hedge fund, was the last major holdout. Only when the Teamsters prepared to picket Brigade's Park Avenue offices did the fund fold.

Just this once, a powerful union stopped the casino operators in their tracks. Meanwhile, too many other workers are left simply to fulfill their role as chips on the tables.

January 9, 2010

Unions Oppose Possible Health Insurance Tax

By STEVEN GREENHOUSE

When millions of blue-collar workers were leaning toward John McCain during the 2008 campaign, labor unions moved many of them into Barack Obama's column by repeatedly hammering one theme: Mr. McCain wanted to tax their health benefits.

But now labor leaders are fuming that President Obama has endorsed a tax on high-priced, employer-sponsored health insurance policies as a way to help cover the cost of health care reform. And as Senate and House leaders seek to negotiate a final health care bill, unions are pushing mightily to have that tax dropped from the legislation. Or at the very least, they want the price threshold raised so that the tax would affect fewer workers.

Labor leaders say the tax would hit not only wealthy executives with expensive health benefits, but also many rank-and-file union members who have often settled for lower wage increases in exchange for more generous health benefits.

The tax would affect individual insurance policies with annual premiums above $8,500 and family policies above $23,000, which by one union survey would affect one in four union members.

The House bill does not contain such an excise tax, and many House Democrats oppose adding it to the combined House-Senate legislation. But the tax is a critical revenue component in the Senate's bill. If the bill does too little to cover its costs, it might be defeated. Many economists support the tax, saying it will help hold down costs.

With labor groups warning that the tax will infuriate a key part of the Democratic base — union members — President Obama has agreed to meet with several top labor leaders on Monday to address their concerns and try to defuse their anger. The group includes the presidents of the A.F.L.-C.I.O., Teamsters and the steelworkers' and service employees' unions.

But whether the tax is negotiable remains unclear. Not only has Mr. Obama specifically endorsed the idea, but the White House and Senate leaders see the tax as pivotal in paying for the health care overhaul and addressing runaway health care costs.

Many Democrats and union officials fear that if both sides dig in on the issue, it could create a rift between the White House and labor — with some union leaders hinting they might lobby aggressively against the entire health care bill if it contains such a tax.

Union leaders have repeatedly warned the White House about the strong rank-and-file dismay, which could hurt the Democrats in Congressional elections this fall, especially in battleground states like Ohio, Pennsylvania and Wisconsin.

Ron Gay, an AT&T repairman in Youngstown, Ohio, who spent much of the summer of 2008 urging co-workers to vote for Mr. Obama, said, "If this passes in its current form, a lot of working people are going to feel let down and betrayed by our legislators and president."
The Congressional Budget Office estimates that 19 percent of workers — or about 30 million employees — would be affected by the tax in 2016. Economists say most of them would be nonunion, although it is organized labor that has the lobbying clout to take a stand.

In recent days, labor's strategy has become clear. Unions are urging their members to flood their representatives with e-mail messages and phone calls in the hope that the House will stand fast and reject the tax. The A.F.L.-C.I.O., a federation of nine million union members, has declared next Wednesday "National Call-In Day" asking workers to call their lawmakers to urge them not to tax health benefits. The International Brotherhood of Teamsters is urging members to tell their representatives that "such a tax is simply a massive middle-class tax hike that this nation's working families should not be forced to endure."

Many Democrats fear that enacting the tax will hurt their re-election chances.
"This would really have a negative impact on the Democratic base," said Representative Joe Courtney, Democrat of Connecticut, who has enlisted 190 House Democrats to sign a letter opposing the tax. "As far as the message goes, it's a real toughie to defend."

While union leaders would prefer killing the tax, some say privately that they could live with it if the threshold is lifted to $27,000, say, or $30,000. They argue that many insurance policies above $23,000 are typical of the coverage in high-cost areas like New York or Boston, or policies that cover small businesses or employers with older workers.

According to a union survey, one in four members would be hit by a $23,000 threshold, but only one in 14 if the threshold were raised to $27,000.

White House officials, however, voice concern that raising the threshold that much would lose $50 billion of the $149 billion in revenue that the tax is expected to generate over 10 years.

Those officials and Senate leaders argue, moreover, that unions are wrong to fight the tax, saying that it will hold down health costs and that money employers save on health premiums will ultimately go to higher wages.

Some experts say the tax's main effect would be to deter insurers from continually raising premiums. "This is a tax on insurance companies, not on workers," said Erin Shields, an aide to Max Baucus, Democrat of Montana, who is chairman of the Senate Finance Committee and a chief sponsor of the excise tax.

"Health care costs are rising much faster than inflation," Ms. Shields said. "Imposing this tax will help hold down costs because it will give employers an incentive to find a plan that falls beneath the threshold and will give insurers an incentive to offer the best possible plan below the threshold."

Ms. Shields defended Mr. Obama, saying the excise tax he backs is far different from Senator McCain's proposal. Mr. McCain called for eliminating tax breaks for employer-sponsored health benefits, replaced with a tax credit to help consumers obtain health insurance, Ms. Shields said. She added that the measure Mr. Obama supports would tax only that part of a family policy above the $23,000 threshold — which would be taxed at a 40 percent rate.

But union officials say the tax will cause employers to push higher co-payments and deductibles onto their employees. They argue that a fairer way to generate revenue would be to embrace the House bill, which imposes an income tax surcharge on couples earning more than $1 million. Neither the House nor the Senate would seem to have much wiggle room on the issue. Senator Ben Nelson, Democrat of Nebraska, has said he would oppose any bill containing the House's surtax. His vote was crucial in enabling Senate Democrats to reach the 60 votes needed to pass the health bill over a potential Republican filibuster.

The House bill, meanwhile, passed by only a five-vote margin, and at least three Democrats who voted for it — Mr. Courtney, Phil Hare of Illinois and Carol Shea-Porter of New Hampshire — have said they would oppose a final bill if it contained an excise tax like the Senate version. Jonathan Gruber, a Massachusetts Institute of Technology economist, predicted the excise tax would raise workers' wages from 2010 to 2019. "There are many academic studies showing that when health costs rise, wages fall," he said. "In the mid- and late 1990s, when we got health costs under control, wages rose nicely." But he added that other factors could have also lifted wages during that period.

Leo W. Gerard, president of the United Steelworkers, scoffed at arguments that by restraining health costs, the tax would lead to higher wages.

“The people who are promoting this tax say companies will make up for this with higher wages,” Mr. Gerard said. “These people who say that have never been at the bargaining table. It doesn’t work that way.”

Robert Gleason, chairman of the Pennsylvania Republican Party, said Mr. Obama had made an about-face that would badly hurt the president and other Democrats. “You remember when the first President Bush said, ‘Read my lips, no new taxes,’ and he raised taxes and he went down to defeat,” he added. “This is the same thing.”

Michael P. James, a 57-year-old steelworker with the Timken Company in Canton, Ohio, campaigned for Mr. Obama and is seething about the tax.

“I don’t think we should be penalized by this bill,” Mr. James said. “The president would be going back on his word. If he goes ahead and passes a bill with the excise tax, I won’t be able to support him again.”

Sun., Jan. 10, 2010, 8:47 AM

Treasury secretary could learn from Teamster Hoffa

By TERRY KEENAN
Last Updated: 8:47 AM, January 10, 2010
Posted: 11:47 PM, January 9, 2010

Memo to Treasury Secretary **Tim Geithner**: If you want to survive another year in Washington, start channeling your inner Jimmy Hoffa.

Yes, Hoffa -- **James P. Hoffa**, that is -- the current Teamsters boss and the one man who has stared down Goldman Sachs and the big-money crowd on Wall Street and come out a winner. While our Treasury Secretary has been busy covering the friendly tracks he laid as NY Fed Chief, in recent weeks Hoffa has showed **Lloyd Blankfein** and Co. who's boss -- and did so without even breaking a sweat.

The Hoffa v. Wall Street battle began back in December and received little notice, but taxpayers should pay attention to the kind of deal that can be cut when a tough cookie like Hoffa is driving the negotiations.

The dispute centered around YRC, parent company of the Yellow and Roadway fleets, the nation's biggest trucker and employer of 30,000 of Hoffa's union brothers. Loaded with debt, and saddled with a CEO who spent more time on CNBC in recent years than **Jim Cramer**, YRC was headed for a year-end rendezvous with bankruptcy unless it could convince most of its bondholders to swap their debt for stock.

That's a tricky proposition under any circumstances, but YRC had another obstacle to face. Hundreds of millions of dollars worth of credit-default insurance on YRC debt would pay off if the company went bust, giving bondholders an incentive to see the company go Chapter 11.

Hoffa understood this and decided to play hardball -- he accused Goldman, Deutsche Bank and a handful of hedge funds of trafficking in YRC's credit default insurance and raised the prospect of his 18-wheelers parked all the way from Park Avenue to Broad Street in protest. He also turned up the political heat with union-connected lawmakers in Washington.

In the end, the bullying worked like magic and by Jan. 1, fully 88 percent of bondholders agree to participate in the exchange. Bankruptcy was averted, and Goldman Sachs was eventually praised for helping YRC get "over the goal line" by buying up YRC debt in the marketplace in order to exchange the paper for stock. A triumphant Hoffa called it his "first foray into high finance."

Unfortunately, Hoffa looks to have a brighter future in that area than the man who currently commands the US Treasury Department. Compare the YRC drama with the slowly evolving tale of Geithner's role in the 2008 back-door bailout of Goldman Sachs and its subsequent cover-up.

You'll see why taxpayers sense something is very wrong about this story, and rightly so. As we're now learning by the day, Goldman nearly bankrupted AIG in the fall of 2008 -- much as YRC's credit default holders almost bankrupt that company last month. The key difference is that in AIG's case, the taxpayer was left holding the bag, while Goldman and AIG live to trade another day.

But it gets worse. Not only did AIG pay off those contracts to Goldman and a dozen other banks to the tune of 100 cents on the dollar -- or a remarkable $62 billion -- Geithner's NY Fed insisted AIG cross out any reference to the full price of the payout. As e-mails released by Congress last week show, the idea was to keep the public in the dark. The final cost to taxpayers from the AIG rescue -- $182 billion, or about half of the entire US defense budget.

Imagine the bargain Hoffa would have driven home for US taxpayers had he been representing our interests the way he did that of his union brethren. Fifty cents on the dollar? You better believe that would have been at least his starting point. And why not?

Those who profited from the government bailout of AIG, led principally by Goldman Sachs, obviously think that the alphabet soup of derivatives were spun in such a fine web that no mere mortal could never grasp what was really going on.

But the public is not so naive. Jimmy Hoffa, Jr. understood this and rode to the rescue of his constituents. It's too bad Geithner didn't do the same for his constituents, the US taxpayers.

Carload traffic still trails, but intermodal gains

January 11, 2010

The Association of American Railroads reports that for the holiday week ending Jan. 2, intermodal volume registered an increase, but carload freight remained down in comparison to 2008.

U.S. intermodal traffic totaled 149,128 trailers and containers, up 1.85% from a year ago, though down 9% from 2008.

Railroads originated 227,227 carloads, down 1.5% from the same week in 2008 and down 17.9% from 2007.

Thirteen of the 19 carload freight commodity groups were from with the same week last year, with increases ranging from 2.5% for grain to 53.3% for motor vehicles and equipment. Declines ranged from 24.9% for the catch-all category "all other carloads" to 0.5% for primary forest products.

Total volume on U.S. railroads for the week ending Jan. 2 was estimated at 25.5 billion ton-miles, down 1.2% from the same week last year and down 25.9% from 2008.

Canadian railroads reported volume of 56,608 cars for the week, up 16.9% from last year, and 31,466 trailers and containers, up 7.4%. Mexico's two major railroads reported originated volume of 7,907 cars, up 17.1% from the same week last year, and 3,702 trailers or containers, up 23.3%.

Obama meets with union leaders to discuss health-care reform

By Alec MacGillis
Washington Post Staff Writer
Tuesday, January 12, 2010; A03

President Obama sought on Monday evening to assuage organized labor's misgivings about the health-care overhaul, even as several key union leaders warned that the bill's final outlines could severely dampen their enthusiasm for the Democratic ticket in this year's elections.

Obama invited 10 labor leaders to the White House to discuss the negotiations aimed at reconciling the Senate and House bills, which are not heading in organized labor's direction in the three areas that it had identified as priorities. The final bill will not include the House's government-run insurance plan, or "public option"; it will probably include the Senate's new tax on high-cost health plans that could affect many union members; and its penalties for employers who do not provide insurance coverage will probably be closer to the more lenient terms in the Senate bill.

Three hours earlier, AFL-CIO President Richard Trumka said in a hard-edged speech at the National Press Club that discontent with the final bill, when combined with a general perception that Obama and Congress have been insufficiently populist in responding to the recession and financial crisis, could demoralize his members. The risk, he said, was a replay of the Democratic blowout in the 1994 elections, when, after the passage of NAFTA and other disappointments to unions, "there was no way to persuade enough working Americans to go to the polls when they couldn't tell the difference between the two parties."

"Now, more than ever, we need the boldness and the clarity we saw in our president during the campaign in 2008," he said.

Trumka stopped short of his September threat that the AFL-CIO might not support the final bill -- after all, he said, labor has been seeking health-care reform for decades. But individual members could sit on their hands. "A bad bill could have that kind of effect," he told reporters. "People could stay home. It could suppress votes."

Organized labor played a crucial role in the 2008 election, turning out members in key states such as Ohio and Pennsylvania where many nonunion, working-class voters resisted Obama. Though Obama has pleased unions on several fronts, he has done little to push labor's biggest priority, the Employee Free Choice Act, which would make it easier for workers to organize.

In 2008, Obama rallied union members' support by repeatedly attacking a proposal by Sen. John McCain (R-Ariz.) to lift the tax exemption for employer-provided health benefits. Now, the White House is strongly supporting the Senate provision to tax benefits above a certain value, $23,000 for a family plan and $8,500 for an individual one.

Supporters argue that such a tax would slow the growth in health-care costs by shifting people into less generous plans, and that it would also lift wages. Opponents note that the tax will fall on many plans that are expensive not because they are lavish "Cadillac plans" but because of an employer's location or the age of its workforce.

Unions prefer the House approach, an income tax surcharge on families earning more than $1 million.

Although firefighting is one "high-risk profession" exempted from the tax, firefighters union head Harold Schaitberger said he was still strongly against it. "It's terrible policy and absolutely disastrous politics," he said. "This is failed promises. We went out and worked hard to deliver our membership [in 2008] . . . . This is a political nightmare for the midterms."

Joe Boardman: “It’s time to retire our fleet”

January 12, 2010

In February, Amtrak will release a long-awaited detailed master long-range plan for replacing almost all of its aging, 1,400-plus-unit car and locomotive fleet. The plan, which will be released as part of a legislative and grant request to Congress, also includes renewal of some critical infrastructure, particularly in the Northeast Corridor, and preparations for going to higher speed rail in some corridors.

“Amtrak enters 2010 with a strong sense of optimism, enthusiasm, and purpose,” said President and CEO Joseph Boardman, who was recently given an “indefinite” contract extension by the Amtrak board of directors. Under a new Strategic Guidance program, “we have an aggressive plan to modernize, renew, and grow America’s passenger railroad.”

“It’s time to retire our aging fleet of cars and locomotives,” Boardman said, adding, “We’re looking at every source of funding, not just the federal government.” Amtrak’s equipment plan is expected to include “purchase of several hundred single-level and bi-level long-distance passenger railcars and more than a hundred locomotives.” Due for replacement are 412 Amfleet I, 122 Amfleet II, 122 Superliner I, 184 Superliner II, 50 Viewliner, 92 Horizon cars, as well as Heritage baggage and dining cars. Among the locomotives are 20 AEM7 d.c. electric locomotives (the remaining 29 have been rebuilt with a.c. propulsion), and the railroad’s F59PH, P42, P40, and P32DM fleets. Currently, an RFP is out for 125 single-level coaches/baggage-dorm cars/diners and 20 electric locomotives.

In late 2010, Amtrak will complete a program to upgrade the interior of all Acela Express trainsets, including leather seating, improved tray tables and ovehead luggage compartment doors, and better at-seat electrical outlets. The trainsets themselves, which have been in service for more than 10 years, eventually will be replaced with high speed equipment currently dubbed “Acela II.” These “next-generation” trainsets will be capable of speeds up to 180 mph, with infrastructure upgrades, Boardman said.

This year, Amtrak will undertake track and bridge construction projects, and safety and security enhancements funded in full, or in part, by $1.3 billion in ARRA (American Reinvestment and Recovery Act) funds. Among these projects are: replacement of the 102-year old movable bridge over the Niantic River in Connecticut; modernization of transformers and other electrical equipment used to power trains between Washington, D.C. and NewYork; improvements to tracks and switches at Chicago Union Station; and construction of new maintenance buildings for passenger railcar equipment in Los Angeles and in Hialeah, Fla. Beyond the ARRA funded projects, Amtrak will spend $442 million as part of its annual FY 2010 engineering program. Among these projects are installation of more than 112,000 concrete crossties and more than 49,000 wood crossties on the Northeast Corridor; construction of a new air ventilation shaft for the New York tunnels; and repair to several bridges in Michigan, Maryland, New York, and New Jersey. In addition, Amtrak will complete the multi-year modernization of the catenary wires on the Hell Gate Line in New York, begin construction of upgrades to the Seattle maintenance facility, and improve accessibility at stations in Philadelphia, Pa., Baltimore, Md., Providence, R.I., and elsewhere.

Longer-term, the NEC is due for $10 billion in upgrades, $6 billion of that between Washington and New York. Amtrak is looking to replace all the NEC’s aging variable-tension catenary between Washington and New Haven,Conn., with a modern constant-tension system (like that in place between New Haven and Boston). A $700 million Washington-New York replacement program is already under way. Catenary improvements, along with improvements to curves and tunnel approaches and tie replacement, is expected to decrease trip times initially by 15 minutes. Further improvements should shave another 15 minutes. Boardman said Amtrak’s goal is to increase the Acela Express’s top speed on this segment of the NEC to 150 mph from the current 135 mph.

Amtrak is committed to “an aggressive, self-imposed schedule” to install Positive Train Control (PTC) by the end of 2012, “three years ahead of a Congressional deadline for the rail industry,” on sections of right-of-way it owns. On the NEC, ACSES (Advanced Civil Speed Enforcement System) rollout will be completed. In Michigan, continued rollout of ITCS (Incremental Train Control System) will enable increased train speeds of up to105 mph between Porter, Ind., and Kalamazoo, Mich. Boardman said Amtrak “is in discussions with host railroads” about participating in and possibly providing some funding for PTC on lines owned by freight railroads.

Boardman took an aggressive stance on Amtrak’s potential role in higher speed rail corridor development. “We’re playing a major role in the developmentand expansion of intercity and high speed passenger rail,” he said. “As America’s provider of intercity passenger rail service and its only high speed rail operator, we have unmatched knowledge, experience, and expertise in the U.S. rail environment. Other potential operators are surfacing, but they have never done here what we have been doing for a long time." Boardman added that Amtrak is partnering with 25 states in support of more than 100 projects submitted for funding from the $8 billion in ARRA intercity and high speed rail capital improvement grants. (An announcement from the U.S. Department of Transportation on which projects have been selected is expected soon. DOT said "this winter" in an earlier announcement.)

Amtrak will expand corridor services in collaboration with state partners. In Virginia, a fifth Northeast Regional train will operate between Richmond and Washington, D.C. In North Carolina, a second Piedmont roundtrip between Raleigh andCharlotte will be added. In Washington State, a second Amtrak Cascades train is now operating from Seattle to Vancouver, B.C., through the duration of the 2010Winter Olympics and Paralympics Games. In addition, Amtrak is finalizing a new operating contract with the Metrolink commuter rail service in Los Angeles to provide train and engine crews on all seven lines.

Amtrak will also undertake "an in-depth evaluation of the poorest performing long-distance routes to identify and implement changes where possible to improve key measures such as customer service, ridership, and financial performance." The five routes being analyzed are the Sunset Limited,Cardinal, Texas Eagle, Capitol Limited, and California Zephyr.

UP cites record year for domestic intermodal

January 13, 2010

Union Pacific Tuesday said it had achieved a record year of 1.25 million domestic intermodal shipments during in 2009 and, in addition, achieved a "Perfect Peak Season" for a second straight year by delivering 100% of United Parcel Service's peak season freight without a sort failure.

Prior to 2009, UP's highest domestic intermodal volume was 1.19 million shipments in 2007. The introduction of 43 new truck-competitive service products allowed UP to capture freight that previously moved over the highway, as well as earn additional business from The Hub Group, Pacer International, and other large intermodal customers.

During UPS's 2009 peak season, originating the Tuesday following Thanksgiving and concluding on Christmas Eve, Union Pacific and UPS together overcame significant challenges during thisyear's peak season, including record sub-zero temperatures and snow accumulations.

"More and more customers are recognizing the value Union Pacific brings to their businesses," said John Kaiser, Union Pacific vice president and general manager-Intermodal. "We have the equipment, core lane offerings, and service products to provide a wide range of transportation solutions. Most importantly, we have the right people with the expertise and experience to address our customers' specific needs."

1/14/2010 Economic Indicators

AAR, USDOT data show freight flows on way up after steep fall

U.S. railroads' carloadings plummeted to the lowest of low points last year — as in a 21-year low. Yesterday, the [Association of American Railroads (AAR)] announced U.S. carloads, which fell 16.1 percent vs. 2008 to 13.8 million units, reached their lowest level since 1988. Intermodal traffic fared only slightly better, dropping 14.1 percent year-over-year to 9.9 million units, the lowest volume since 2002.

At least U.S. railroads ended 2009 on a promising note: Carloads fell only 4.1 percent and intermodal volume rose 2.5 percent in December.

"Railroads are happy to have 2009 behind them," said AAR Senior Vice President of Policy and Economics John Gray in a prepared statement. "Last year saw declines, most of them quite steep, in every major category of rail carload traffic. However, we're seeing signs that the economy is improving."

Transportation forecasting firm FTR Associates agrees. In its January "Rails Ahead" newsletter, the firm raised its 2010 projection for rail carloads to a 4.6 percent gain vs. 2009.

"We expect to see comparisons turn modestly positive in the first quarter, and then accelerate later in the year," said FTR President Eric Starks. "We will remain cautious about our outlook for all transportation segments in the short term, but we are confident that the worst is over."

The Transportation Services Index (TSI) indicates it might be. November's index of 99.0 rose 1 percent from October's level, according to the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). However, the index declined 5.8 percent year over year, falling to the lowest November mark since 2001.

November's Freight TSI of 96.2 increased 1.8 percent from October's level, the first month-over-month gain after two-straight declines. But the index dropped 6.8 percent on a year-over-year basis, falling to the lowest November level since November 1996's 89.6. November's Passenger TSI of 108.8 declined 1.4 percent from October's level and 2.7 percent from November 2008's index.

For more BTS data on the TSIs in November and through 2009's first 11 months, follow this link.

JANUARY 14, 2010, 12:37 PM

Democratic Leaders Reach Compromise on Taxing Health Plans

By DAVID M. HERSZENHORN

The White House and Congressional leaders have reached a tentative deal on a proposed excise tax on high-cost, employer-sponsored insurance plans to be included in the final version of major health care legislation, according to officials familiar with the talks.

Officials did not immediately provide details of the tentative agreement, but it is expected to include an increase in the thresholds at which policies are hit by the tax.

The Senate bill currently would impose a 40 percent tax on the amount of policies for individuals above $8,500 and family plans above $23,000.

House Democrats and organized labor groups have been resisting the tax, which they say will hit many union-sponsored health plans and force an increase in medical expenses for many middle class families.

The unions have also sought changes in how the tax would be indexed to inflation, so that in future years it would not hit as many plans as quickly as it would under the Senate bill.

Congressional leaders have been careful to stress that nothing is agreed on in the health care talks until everything is agreed on. But a deal on the excise tax would be a major breakthrough.

One of the biggest differences between the House and Senate versions of the legislation is how they would pay for the nearly $1 trillion, 10-year cost. The excise tax is the biggest new revenue-raiser in the Senate bill. The House bill would impose an income surtax on individuals earning more than $500,000 and couples earning more than $1 million.

JANUARY 14, 2010, 4:42 PM

Updated: Labor Leaders Describe Excise-Tax Deal

By STEVEN GREENHOUSE

Facing intense pressure from organized labor, the Obama administration has agreed to major changes in the proposed tax on high-priced employer-sponsored health benefits. One change, according to labor leaders involved in the negotiations, is that workers covered by collective bargaining agreements, as well as state and local employees, will be exempted from the tax until 2018.

“We tried to figure out how to have a health plan that was accessible and affordable and that made a difference for working families in this country,” said Anna Burger, chairwoman of the Change to Win labor coalition. The new compromises, she added, help to “make sure that workers who have good health care will be able to continue having good health care” without having their costs or taxes raised.

Richard L. Trumka, president of the AFL-CIO, also provided additional details in a conference call with reporters this afternoon:

- The threshold for the tax would be $24,000 for families and $8,900 for individuals. The Senate bill called for a threshold of $23,000 for families and $8,500 for individuals.
- The threshold would be increased each year by the amount of the rise in the Consumer Price Index plus 1 percent — that's the same rate of indexation called for in the Senate bill. The formula will be adjusted for inflation from 2010 to 2013. The initial inflation threshold period will be adjusted upward if inflation increases above current assumptions.
- For high risk professions, the threshold would increase to $27,000.
- There would also be adjustments creating higher thresholds for employee groups whose health premiums are higher because the groups contain a disproportionate percentage of older workers and women. Those two groups tends to have higher health premiums than other workers. There would also be adjustments for those living in high-cost states.
- As of 2015, dental and vision costs would not be counted toward the threshold.
- Collective bargaining plans were to have been excluded from the exchange. Starting in 2017, collective bargaining agreements at all levels will be able to participate in the exchanges.

The Congressional Budget Office has projected that the excise tax, as included in the Senate bill, would raise $149 billion over 10 years. Mr. Trumka estimated that the new changes would reduce that figure by about $60 billion.

"We're hoping all the cost containment in [the bill] will start to ratchet down on health care costs," said Mr. Trumka. "If it does that, then hopefully no American will bump up against the excise tax."

According to Mr. Trumka, administration officials reached the agreement with labor leaders early Thursday morning after 15 consecutive hours of talks in the Executive Office Building.

By exempting labor unions from the tax until 2018, the administration could greatly reduce resistance to the tax from an important part of the Democratic base.

Unions asked for a delay in being covered by the tax so that they would have time to negotiate for their workers to achieve health savings and have cheaper health plans before 2018.

"This is good for all working Americans, not just union people," said Mr. Trumka of the proposed changes. "This makes this bill more fair for them. The labor movement has been fighting for health reform for 60 years. We're not about to let the naysayers stop us from getting there."

"The president and his entire staff has worked with us on this," he added. "He's proven to be a friend of working people on this. I believe in the election of 2010 and 2012, we will be able to motivate not just our members but working people, because this bill will bring health care to working people and bring costs down."

January 15, 2010

Labor Panel Is Stalled by Dispute on Nominee

By STEVEN GREENHOUSE

A dispute involving Senator John McCain has left the National Labor Relations Board unable to decide its most important cases.

For two years, the board, which polices the labor laws governing unionized workers and unionization drives, has limped along with just two members, rather than its full complement of five, leaving many cases unresolved because of a 1-to-1 deadlock.

Moreover, a pending Supreme Court case could ultimately vacate 80 of the decisions that the board's two members, a Democrat and a Republican, have agreed on since its membership fell to two on Jan. 1, 2008. The court will decide whether the board has the power to issue decisions when it has just two members.

President Obama has nominated three lawyers to the board, but Mr. McCain, Republican of Arizona, has delayed confirmation of the three-person package for months by placing a hold on one nominee, Craig Becker, an associate general counsel for the A.F.L.-C.I.O. and the Service Employees International Union. Under Senate rules, a single member's hold can prevent a full vote unless 60 members vote to overcome the hold.

Mr. McCain contends that Mr. Becker would deny employers their proper role in union elections. In a letter to Senator Tom Harkin, Democrat of Iowa and the Labor Committee's chairman, Mr. McCain referred to Mr. Becker as "probably the most controversial nominee that I have seen in a long time."

Mr. Becker's supporters say he believes employers should have a voice in union elections, but should not be able to force workers to attend anti-union meetings. Mr. Harkin called Mr. Becker "one of the pre-eminent labor law thinkers in the United States," and said Mr. Becker would approach the job "with an impartial and open mind."

Wilma B. Liebman, the board's Democratic chairwoman, said of the stalemate: "This reflects how our political process is paralyzed at the moment. This is not the way government is supposed to function."

In 2008, Democratic senators blocked confirmation of President George W. Bush's nominees to the board.

Ms. Liebman said the board's two-member status had meant years of delay for many aggrieved workers. For instance, workers at a home for the developmentally disabled in Brooklyn voted to unionize in June 2003, but they do not have a union because they are awaiting a decision from the board.

"Any time you have cases pending at the board for two or three years," said James J. Brudney, a labor law professor at Ohio State, "that's a real hardship for the litigants, particularly for people who were fired illegally and want to get reinstated or receive back pay."

In May, the United States Court of Appeals for the District of Columbia Circuit disagreed with several other circuit courts and ruled that the decisions of the two-member board could not be enforced. Labor board officials say this could block enforcement of the 80 N.L.R.B. decisions. Indeed, if a litigant dislikes a board ruling, it could rush to appeal to the District of Columbia Circuit, rather than to another circuit, to have the ruling nullified.

The Supreme Court has agreed to resolve the dispute between the circuits.

Marshall B. Babson, whom President Ronald Reagan appointed to the board, is the principal author of an amicus brief by the Chamber of Commerce urging the Supreme Court to rule that decisions by the two-member board cannot be enforced.

Mr. Babson pointed to language in a 1947 amendment to the National Labor Relations Act, saying a three-member quorum was needed for the board to issue decisions.

But the law also states that the full board can delegate its decision-making authority to three-member panels, of which two members can constitute a quorum. In 2007, shortly before several members stepped down, the board authorized a three-member panel, including Ms. Liebman and Peter C. Schaumber, a Republican and the board's other member, to issue rulings.

"I do think we have the authority to issue decisions," Mr. Schaumber said. "Keep in mind, when we agree on decisions, it means two people who ideologically differ have reached a decision about imperatives under the statute."

Ms. Liebman and Mr. Schaumber say they have handled many cases where agreement was straightforward, but they have decided not to adjudicate some of the larger issues facing the board — like whether a union and employer break the law when they negotiate wages and other terms of a tentative contract even before the workers vote to unionize.

In late December, the Senate returned Mr. Becker's name and those of five other federal nominees to Mr. Obama after failing to confirm them. White House officials say Mr. Becker will be renominated next week, and officials with the Senate Health, Education, Labor and Pensions Committee say it will seek to vote over the next few weeks to send his nomination to the floor.

Last October, the committee voted 15 to 8 to confirm Mr. Becker, with two Republicans, including Michael B. Enzi of Wyoming, the committee's senior Republican, voting to confirm him.

Mr. Enzi's labor policy director, Brian Hayes, is one of the three nominees to the board. The other is Mark Pearce, a union-side lawyer in Buffalo.

"It's harder to get confirmed than it was 25 years ago," said Mr. Babson, the board member under Mr. Reagan. "The extremes on either side have become more dug in."

White House nears deal on health care

By Lori Montgomery and Michael D. Shear
Washington Post Staff Writer
Friday, January 15, 2010; A01

Gripped by a building sense that its window of opportunity could be closing, the White House on Thursday broke the last major logjam blocking enactment of far-reaching health-care legislation, cutting a deal with organized labor on how to tax high-cost insurance policies.

The agreement, forged in a marathon negotiating session that included White House officials and seven prominent labor leaders, would exempt union members from a proposed surtax on expensive insurance plans until 2018, five years after the legislation would take effect. The tax is a key source of financing for Democrats' plan to extend coverage to as many as 36 million additional Americans over the next decade.

Thursday's breakthrough came as Democrats rushed to finish the bill in time for President Obama to tout the achievement in his first State of the Union address, expected to be held later this month or in early February. Already under intense pressure to resolve differences between measures approved by the House and Senate last year, Democratic leaders are growing increasingly concerned that they could lose their 60-vote majority in the Senate on Tuesday, when a little-known Republican will face Massachusetts Attorney General Martha Coakley (D) in a special election in the state for the Senate seat that was held by Edward M. Kennedy. A victory by Massachusetts state Sen. Scott Brown would give Senate Republicans a crucial 41st vote -- and the power to block Obama's top U.S. initiative.

Obama expressed that fear in a video e-mailed to Massachusetts Democrats on Thursday, warning that the fate of health-care reform rests in their hands.

"It's clear now that the outcome of these and other fights will probably rest on one vote in the United States Senate," Obama says in the video. "That's why what happens Tuesday in Massachusetts is so important."

As senior lawmakers met for a second day at the White House in hopes of reaching a compromise, Obama went d to Capitol Hill to rally House Democrats gathered for their annual retreat. Many rank-and-file House members have been furious with the president's insistence on taxing costly insurance plans to help pay for health-care legislation, arguing that the 40 percent levy would hit many middle-class families along with corporate executives who have such policies.

Obama acknowledged that overhauling the health-care system has been a "big lift" and that many Democrats "have been beaten up at home" for supporting the initiative, which has grown increasingly unpopular. He assured lawmakers that he will work to convince Americans of the benefits of reform once the legislation is passed.

"If Republicans want to campaign against what we've done by standing up for the status quo and for insurance companies over American families and businesses, that is a fight I want to have," he said.

House and Senate leaders were set to return to the White House on Thursday night to continue working with Obama. White House aides and senior lawmakers said they expect health-care talks to continue through the weekend as negotiators race to deliver a final package to congressional budget analysts, who must attach a cost to the measure before either chamber can hold a final vote on it. Lawmakers expect the final legislation to split the difference between the Senate bill, which would spend $871 billion over the next decade, and the House version, which would devote more than $1 trillion to the biggest expansion of the health-care system since Medicare.

One sticking point of the talks has been the shape of government-run marketplaces in which people could shop for heavily regulated private insurance plans. In a closed meeting with House Democrats, Obama indicated support for a national exchange, as the House prefers, rather than the 50 state exchanges the Senate would like, according to one person present who spoke on the condition of anonymity because of the sensitive nature of the negotiations.

Meanwhile, AFL-CIO President Richard Trumka told reporters that beginning in 2017, all workers would be permitted to buy coverage in the exchanges, a claim White House officials disputed on Thursday. Both the House and Senate bills would limit access to the exchanges to small businesses and people who lack access to affordable coverage through an employer, a restriction designed to preserve the system of employer-provided health care for the vast majority of Americans.

White House press secretary Robert Gibbs said negotiators were "very, very close" to a deal and hoped to have most of their differences resolved by Thursday night, though participants said that an agreement may not be announced until early next week. They said the resolution of the tax issue provided a burst of momentum, raising hopes that the end is in sight nearly a year after Obama put health-care reform at the top of his agenda.

"It brings us down to a few very important but very solvable issues," Rep. Robert E. Andrews (D-N.J.), whom House leaders assigned to brief reporters on the talks, said of the tax breakthrough. "It was the last major policy issue on the table."

The tax on high-cost policies was designed in the Senate, which voted to impose a 40 percent excise levy on family policies that cost more than $23,000 a year -- far above the national average of $13,400, according to the Kaiser Family Foundation. Senate Democrats argued that the tax would not only generate nearly $150 billion for health-care legislation but also help lower costs. Last week, Obama endorsed the tax, which is also critical to ensuring that health-care legislation does not add to future deficits.

Labor leaders have long argued that the tax would fall especially hard on union members, who have for years bargained for more generous benefits in lieu of higher wages. By one analysis, the Senate tax would have affected as many as one in four union members.

The deal cut Thursday would raise the value of policies subject to the tax to $24,000 for families and $8,900 for individuals. Plans with significant numbers of women or older workers would receive an additional break, as would workers in high-cost states and high-risk professions. Dental and vision plans would be exempt starting in 2015. And workers with collective-bargaining agreements and government employers would be exempt until 2018, giving labor leaders time to negotiate new contracts.

The changes would cut anticipated revenue from the tax by $60 billion over 10 years, labor leaders said, opening a hole in the health-care financing package that Democrats say is likely to be filled by a tax on the wealthy, most likely by applying Medicare payroll taxes to investment income for families earning more than $250,000 a year.

Republicans blasted the deal as a giveaway to a major Democratic constituency, but labor leaders defended their agreement in a conference call with reporters.

"We were always concerned about the impact on working people in this country," said Anna Burger, head of the labor-backed Change to Win coalition. "The compromises we reached in the last 24 hours make a huge difference in making sure that workers who have good health care can hold on to their health care."