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## CSX Corp. plans to cut 300 management workers

The Associated Press

JACKSONVILLE, Fla. —

Florida-based railroad operator CSX Corp. plans to cut 300 management workers, mostly through buyouts by the end of the year.

Most of the workers targeted are based at the company's Jacksonville headquarters. Spokeswoman Melanie Cost tells The Florida Times-Union (<http://bit.ly/10V5KPO>) that layoffs are possible if fewer than 300 workers take the buyouts.

CSX has about 3,600 employees in Jacksonville. Cost says the cuts are among other efforts to reduce expenses. The company also plans to delay raises and reduce "nonessential costs" such as travel expenses.

Cost says the buyouts will be available to employees over 53 years old with at least 19 years of experience with CSX.

The company says its revenues were up in the first three quarters of this year, but its expenses rose at a higher rate.

# Buffett Said He Paid a Lot. \$15 Billion Later, BNSF Is a Cash Machine. 'He Stole It'

By Noah Buhayar Nov 10, 2014 9:48 AM ET

Bloomberg News



Nov. 7 (Bloomberg) -- Warren Buffett's Berkshire Hathaway said third-quarter profit dropped 8.6 percent on investment results, including an impairment tied to a holding of U.K. retailer Tesco. Bloomberg's Noah Buhayar takes a look at the numbers on "Taking Stock." (Source: Bloomberg)

Days after [Warren Buffett](#) announced his \$26.5 billion buyout of railroad BNSF, he insisted that he'd paid a steep price to own a business that would benefit his company, [Berkshire Hathaway Inc. \(BRK/A\)](#), over the next century.

"You don't get bargains on things like that," he said in a November 2009 interview with [Charlie Rose](#) that aired on PBS. "It's not cheap."

Five years later, that assessment rings a bit hollow. Buoyed by an onshore oil boom, BNSF has become a cash machine for Buffett. The railroad had sent more than \$15 billion in dividends to Berkshire through Sept. 30, according to quarterly regulatory filings, the latest of which was released last week. More stunning: The business is on pace to return all the cash Buffett spent taking it private by the end of this year.

Annual revenue at the railroad has risen 57 percent, and earnings more than doubled to \$3.8 billion since Buffett bought it. Sales have climbed even as BNSF faced increased public scrutiny over service delays and safety.

“He stole it,” said [Jeff Matthews](#), a Berkshire shareholder and author of books about the company. “He’s got to feel really good that he bought it when he did, because it’s a wonderful asset, and it’s done nothing but get more valuable in the time that he’s owned it.”



Photographer: Jonathan Alcorn/Bloomberg

A Burlington Northern Santa Fe train moves through Cajon Pass near San Bernardino, California. The railroad’s profit continued its climb in the third quarter as revenue from agricultural and industrial shipments, including oil, rose. The business accounted for more than a fifth of Omaha, Nebraska-based Berkshire’s net income in the period, according to a Nov. 7 regulatory filing.

## Oil Glut

Berkshire’s third-quarter profit slipped 8.6 percent to \$4.62 billion on investment results, including the impairment of a holding in U.K. retailer [Tesco Plc. \(TSCO\)](#) Buffett’s company climbed 0.7 percent to \$216,525 at 9:33 a.m. in [New York](#) trading after operating earnings beat analysts’ estimates on gains at units including the railroad.

BNSF’s tracks sit on top of North Dakota’s Bakken formation, where energy producers are

using fracking and other extraction methods to pull crude from the ground in unprecedented volumes. Because pipeline capacity is limited in the area, [oil companies](#) have turned to BNSF to ship their product to refineries.

The extra freight has exacerbated weather-related train tie-ups that the railroad has spent months working to resolve. In June, the U.S. Surface Transportation Board ordered BNSF and Canadian Pacific Railway Ltd. to report plans for resolving the delays.

## Below Standards

At a hearing in [North Dakota](#) in September, state officials urged the railroad to improve service. BNSF has said it's adding workers and rail cars to improve operations. In the filing last week, Berkshire said that the railroad's service is still "well below" its standards.

The expansion of crude shipments has also created risks for the industry. Derailments of oil tank cars in the U.S. and [Canada](#) have led to fires, spills and the bankruptcy of smaller carrier Montreal, Maine & Atlantic Railway Ltd. after a derailment in [Quebec](#) last year that killed 47 people.

BNSF has worked to allay concerns about oil shipments by agreeing to buy 5,000 safer tank cars. It has also announced plans to apply a surcharge on an older generation of cars that have been involved in some of the worst accidents.

Investments like those have been common since Berkshire took over. The railroad budgeted a record \$5 billion this year to upgrade its network, expand facilities and buy equipment. That's about \$1 billion more than it spent in 2013.

## Cash, Stock

Even with those increasing outlays, BNSF's climbing earnings have helped make the multiple that Buffett paid look small. Berkshire was already the railroad's largest shareholder when he agreed to buy out the remaining 77.5 percent of the company. The price included Berkshire stock and \$15.9 billion in cash. Since the beginning of 2011, the railroad has paid distributions to its parent of at least \$750 million a quarter.

[Union Pacific Corp. \(UNP\)](#), BNSF's main competitor in the western U.S., currently trades for about 12.6 times [annual pretax, pre-interest income](#), according to data compiled by

Bloomberg. Were Buffett's railroad to fetch that kind of price now, 77.5 percent of it would be worth about \$66.5 billion -- more than double what Berkshire paid.

Part of Buffett's success with BNSF comes down to luck, said [James Armstrong](#), who oversees Berkshire shares as president of Henry H. Armstrong Associates. Very little crude was being shipped by rail when Buffett bought the company and it wasn't widely known that BNSF would play such a big role in transporting oil from where it was produced.

Luck aside, there's little upside for Buffett in bragging, said Armstrong. Berkshire is always looking to buy other businesses and it needs to have a reputation for paying fair prices, he said.

"It's never in Buffett's interest to indicate that he got a bargain, even though that's what he's shooting for," Armstrong said. "He has to manage other people's perception of him."

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## Election means right-to-work likely on NM Senate agenda

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By Dan Mayfield

Albuquerque Business First

State Senator [Stuart Ingle](#) (R-Portales) said he was six years old the last time [the New Mexico House of Representatives was under Republican control](#).

He's now 68. But Ingle, the minority leader in the New Mexico Senate, said Wednesday that after Tuesday's election made Republicans the majority in the House, he sees a huge opportunity for several bills to pass that might not have even made it through committee in the past, including one of the most controversial: right-to-work.

New Mexico is not a right-to-work state, meaning that if employees must join a union to work for some employers. Changing the state's stance, much like Michigan did last year, could significantly reduce the power of unions in New Mexico.

"It's certainly going to be under consideration, that's for sure. We've had the votes at times, but then the Governor vetoed it," Ingle said. "The Senate will take a look at it, and there are the votes."



The legislature has passed right-to-work legislation in the past, but Democratic governors [Toney Anaya](#) and [Bruce King](#) both vetoed the legislation in the 1980s. This time, Ingle said, Republican Governor [Susana Martinez](#), who won a second term on Tuesday, would likely sign right-to-work legislation, as well as other business bills that were tied up in House committees.

"There was an immediate kill on business bills over there," he said, referring to the House. "But there's a difference there, and the people of New Mexico wanted a change."

Several, including the mayor of Albuquerque, have brought the right-to-work issue up and said changing the law would improve New Mexico's ranking on site selectors' lists.

Others say union members are such a small percentage of the state's employees that it would not matter.

Regardless, Ingle said, "It's never been coordinated enough where we had three willing parties."

## NLRB rejects right-to-work crowd's attempt to use health care ruling vs. union drive

by: [PAI](#)

November 5 2014



WASHINGTON (PAI) - The [National Labor Relations Board](#) has rejected, for now, the anti-worker "right to work" crowd's initial attempt to use the U.S. Supreme Court's *Hobby Lobby* ruling letting employers refuse to offer women's health care coverage to justify banning unions in religious-sponsored universities.

Instead, the NLRB took note of the RTW crowd's stand, but did not say how it would rule one way or the other.

The case involves [Service Employees Local 925's](#) attempt to organize full-time and part-time contingent faculty at Pacific Lutheran University in Tacoma, Washington. The Pacific Lutheran drive is one of several SEIU is conducting among contingent faculty nationwide.

The National Right to Work Legal Defense Foundation argued the Religious Freedom Restoration Act (RFRA) lets universities ban unions on religious grounds.

In *Hobby Lobby*, the 5-member GOP-named court majority said the private company's owners could use their freedom of religion and religious beliefs, covered by RFRA, to justify banning contraceptive coverage under the new comprehensive health care law.

"The court thought the legislature intended that RFRA would effectuate a complete separation from 1<sup>st</sup> Amendment case law 'in favor of a broad protection of religious exercise, to the maximum extent permitted by the terms of this chapter and the Constitution,'" the right to work crowd's lawyers argued.

According to *Hobby Lobby*, they contended, "The term 'religious exercise' now includes any exercise of religion, whether or not compelled by, or central to, a system of religious belief.

"As applied to this case, Pacific Lutheran University's religious identity and its Lutheran mission are part of the broad protection of the free exercise of religion protected by RFRA in the aftermath of *Hobby Lobby*," the right wing group's lawyers claimed. And since corporations are "persons" RFRA covers, according to *Hobby Lobby*, "RFRA should be understood to include the university the same way that *Hobby Lobby* intended to include corporations."

The labor board took notice of the argument, but refused to let the right to work group file its full brief. The board said in late October that the right-to-workers sufficiently raised their argument in a prior letter outlining their position.

The [AFL-CIO](#) and the Service Employees both opposed the right-to-workers' use of *Hobby Lobby*. But their briefs concentrated on urging the board to review its test for when universities can use religion to battle unionization.

"The board should abandon the 'substantial religious character' test it adopted," SEIU General Counsel Judy Scott's brief says. "Such an inquiry into the nature of the institution as a whole is logically distinct from the question that is relevant: Whether the board can assert jurisdiction over a particular unit of teachers without creating a risk of entanglement between government and religion."

The board is wrestling with that religious university question in other cases. In one, Catholic universities, led by Duquesne University in Pittsburgh, also claim that freedom of religion lets them bar unionization of their adjunct professors. The other has SEIU battling a Chicago Catholic college's claim that freedom of religion lets it bar unionization of its janitors. The NLRB has yet to rule on any of the cases.



But the board's past religion test "also raises the specter of a wide-ranging, constitutionally problematic inquiry into whether a school is 'sufficiently religious,'" SEIU said.

"And it wrongly suggests" that the prior NLRB ruling about "substantial religious character applies to non-teachers, and thus that cleaners, food service workers, security officers, and other non-teaching employees at religiously affiliated colleges and universities across the country do not have rights under the National Labor Relations Act.

"Instead, the board should ask whether the teachers" at Pacific Lutheran "perform religious functions as part of their jobs - specifically, whether it is part of their job duties to teach or inculcate religious beliefs, and whether they can be terminated or disciplined based on religious criteria. This approach should be based on the institution's own public statements about the nature of the teachers' jobs."