

Surface Transportation Board  
395 E. Street Southwest  
Washington D.C. 20423

ENTERED  
Office of Proceedings  
April 18, 2022  
Part of  
Public Record

RE: EP 770 Rail Service Hearing

Dear Chairman Oberman,

April 18, 2022

As a UP engineer with 17 years of service, I would like to add my two cents to the actual reasons behind labor shortages, which has become a huge topic among the industry, railroaders, and the unions alike. I believe that there are little bits of truth floating around, but neither the unions nor the railroads seem to get it, and I don't see a good resolution coming out of this any time soon. Let me start with an anecdotal saying that I heard from an old SP hand during one of my first shifts on the job in Roseville all those years ago. "Kid, do you know why we are paid so well?" I shrug my shoulders in response. "We are paid to be available on call, and for the inconvenience of our time." This saying has been there in the back of my mind ever since, and today it lies at the root of the manpower shortage the railroads currently find themselves in. Railroads, it seems, have lost sight of this altogether in a world of "competitive" salaries, which really is just business school lingo for manipulating people out of what they really should be paid.

**Could anyone do this job?** I have heard this from railroad management for years, and the short answer is yes. Technically, anyone can be a conductor or an engineer. It does NOT require a specialized degree from an ivy league school. There is however an immense amount of knowledge, experience, and skillset that goes into how to operate a train effectively or switch cars in a yard, or effectively manage industry switching on a local, and some people just never quite can get it. There is an immense amount of book knowledge and muscle memory that goes into doing the job effectively, but technically, yes, anyone could do it. There are plenty of careers that require no degree, but significant specialized knowledge and skillsets, and many of them pay far less than the railroad does. This is what the railroad means when they say they want to pay a more "competitive" salary.

**Are railroaders all uneducated high school grads that can't do anything else?** This is another one of those gaslighting techniques that the carriers love to throw out there in their propaganda meetings about how "the crews are screwing them." They love to say that we are overpaid high school grads. This is simply not true. I personally have a four-year business degree and manage my own rental properties and keep up-to-date balance sheets, income statements, and accounting records. Several of my coworkers have degrees and a few of them hold advanced degrees. Many of my coworkers are retired from the military, serving 20 years and discharging at very high ranks before beginning a career at the railroad. Others were small business owners, commercial farmers, or experts in fields such as welding and metal fabrication. They left for the promise of a good retirement, excellent pay, and excellent health insurance. The only thing they needed to do is to learn the job, be available for call, and allow their time to be inconvenienced by the railroad, just as that old head SP conductor once told me.

**But the game has changed. We are no longer paid for the inconvenience of our time.** There once was a time when railroaders were paid exceedingly well for the inconvenience of their time. In real purchasing power, they made salaries that were among the highest in the middle class. This is no longer the case and hasn't been for a long time. Our salaries are "competitive," as they would say in the business world, however, our work conditions are not competitive at all with the employee that works 9-5 with weekends off. This is completely understandable. It's the transportation industry. We will never get a 9-5 schedule with weekends off as long as crews have to travel out of town to keep the economy rolling. We know and accept that. With that fact in mind, we need to be compensated in a way that once again acknowledges that we are not normal office workers. So many railroad executives claim that our rate of pay is "outside the norm" for workers of a similar skill set. I would argue that this is misleading at best and a downright lie at worst. Let me explain

A round trip takes me 40 hours on average, I gross around \$1000 over these couple days, which sounds like a lot. We are paid a flat rate of pay per mile, no overtime, which is fair. If the trip takes 12 hours each way, which is common, then I sit in the hotel for 16 hours without pay, this comes to an hourly rate of \$27 per hour before taxes. We have away from home meal expenses which I will discuss later and this time is effectively lost to us as we do not resume pay again until we have been at the away from home terminal for at least 16 hours. We are federally licensed and certified employees with years of experience under our belt. According to Google, the average rate of pay per hour for a plumber is between \$45 and \$200 per hour. Electricians are between \$40 and \$100. Even jobs in fast food begin at \$15 or more per hour these days, and all of those employees are taxed at a lower rate than railroaders. The railroad is no longer an upper-middle-class place to work unless you work around 6 trips per paycheck, which is on average, 120 hours per week. Sounds nice, doesn't it?

**We pay higher taxes.** Many non-railroaders love to comment on our "excellent" retirement plan, without realizing that it's just social security under a different name. Yes, railroad retirement seems to be "safer" and it pays more, but most railroaders never even see it if they work as many years as it takes to actually collect it. You cannot retire until you're 60 years old regardless of years worked. So, if you were hired on at 19 years old, you would have to work over 40 years to get this retirement. With our lifestyle, which sadly often leads to divorce, poor health, obesity, alcoholism, diabetes, etc, many railroaders die only a few short years after they retire. In addition, railroad retirement isn't free. We pay tier two tax on top of the tier one tax that most people pay every check through Social Security. Between Railroad Retirement taxes and medicare tax, we pay a whopping 15% of our income, automatically before even one penny is spent on Federal or State taxes, and long before any of it actually hits our account so that we can buy the things we need to support our families (and pay taxes on that too of course.) This additional railroad retirement tax means that a non-railroad employee grossing \$92,500 is actually making the same as a railroader that grossed \$100,000 per year, but was never home. Plus, we are in the higher tax bracket for longer with no benefit as we cannot write off railroad retirement taxes against our federal and state income. This means that between Railroad Retirement, Federal, State, and Sales tax, the average unmarried railroader pays 50% of their income above \$40,526 per year. Married railroaders pay 50% tax on income over \$81,051 as these are the brackets where the 22% federal tax rate kicks in. With that much taken in taxes, and the rapid rate of inflation in housing, food, and nearly everything else, the railroad is rapidly becoming just another job that requires both parents to work just to make ends meet. That, by the way, was always one of the appeals to the railroad life, and what encouraged many employees to stay. The railroad was always a job that regardless of work conditions, could ensure that the mother did not have to work so that at least she could take care of the kids. This benefit is gone for most railroaders now, especially in the more expensive regions.

**What about away from home meals?** Away from home meals used to be a lucrative tax write-off to offset some of our horrible tax burdens. The tax changes a few years ago eliminated all of that for us. Everyone received double the standard deduction, so now hardly anyone has enough deductions to itemize on their tax return. We lost our ability to count up how many days we were out of town for the year (usually 150 or more) and write off that amount against our taxes. The "tax cuts" were a tax increase for railroaders as we now have the exact same write-off as our 9-5, weekend-off counterparts.

***"But railroad companies are large corporations, don't they pay non-taxable meal allowances to their employees for travel? "***

The IRS currently allows 60 dollars per day throughout all the USA for non-taxable meal allowances when traveling for work. Does the railroad pay that, or anywhere near it? No, they do not, and the unions are to blame for this. They never fought for an increase in the only portion of our paycheck that is not taxed. Consequently, as an engineer, I can be gone away from home for 48 hours or more sometimes, and I make 12 dollars for my non-taxable meal allowance. Meanwhile, one decent meal costs a minimum of 15 dollars before a tip. I'm taxed on everything else. It wouldn't even cost them anything to correct this.....just re-designate a portion of our pay as a nontaxable meal allowance and it would give us a significant raise to combat the high food inflation that is eroding our once excellent pay. There is however another "solution" that the railroad loves to tell us.....just pack a lunch box with all of your meals and don't eat out for 36 hours at a time. Yeah, because I want to do that for 30 years? Eat cold leftovers because the railroad is too cheap to actually designate some of my pay as a nontaxable meal allowance. Just more expectation of "competitive" pay without competitive work conditions.

**Our union contract has been expired for several years now,** but because of the railroad labor act, we cannot strike. No matter what the issue being discussed, the government always sides with the railroads in ruling even the most major dispute, such as taxes being improperly calculated as "minor," so that it must be settled via arbitration. We simply must continue working under our old contract until the eventual day that the next contract is crammed down our throats, losing ground to inflation. This contract will be big too. The unions and the carriers are at an impasse. They want one-man crews, they want us to have "competitive" health care plans, and they want us to have "competitive" pay. (remember what that means from earlier) Additionally, they arbitrarily change the attendance policy whenever they want to punish those of us that still haven't quit. Then they gaslight us by blaming us for taking too much time off under the previous attendance policy. Then they call us several times a night to step up off our assignment because of the endless "manpower shortages." This has very real, very major effects on our lives, health, and families. But since they claim this is just company "policy" and not an agreement, we have no actual say over our lives. Meanwhile, we worked faithfully and nonstop through their covid fiasco, and through endless quarters of record profits, share buybacks, unprecedented operating ratio success, and countless leaps and bounds in technology and efficiency advancements. We don't deserve to be left out in the cold while the railroad industry thrives on technological advancements, longer trains, and easy money Fed policies to prop up their share prices.

**Yet, the saying goes, "more with less."** It seems to be the slogan in all industries, not just the railroads. People of all industries are done giving any credibility to this abusive phrase. We are done with any company claiming to own our lives. We are done being told what we need to inject into our own bodies and we are done being thrown out with the garbage every time the railroad sees an opportunity to furlough. This time, the furloughs were different. There once was a time long ago, when the railroad furlough agreements were

written, when jobs were plentiful for the most part. It was still worthwhile however to wait for the day when your seniority was good enough to return to the railroad. Today the conditions have changed. Seniority really never gets better anymore. The promise and security is no longer there. The railroads pay an average salary and expect you to live a worse than an average lifestyle to earn it. The people that were furloughed during PSR for what seemed like an eternity all were rational humans beings acting in their own rational self-interest when they quit. And that interest told them that the railroad doesn't want them here. They do not want to negotiate on contracts as the law requires. In real purchasing power, they don't pay very well anymore, they don't care about your life or family and they actively lie and accuse the employees of being the cause of all of their problems. They are also openly on the record as wanting to gut our health care plan. Meanwhile, when you are working for the railroad, you pay higher taxes and ruin your health, social, and family life. The additional money that you pay into railroad retirement versus Social Security could be better spent on personal investments and the opportunity cost of railroad retirement is just simply not worth the hype that it is given. It was a natural and rational conclusion to quit and not come back when CMS started calling to recall furloughs. Bottom line, the railroad went too far this time and caused such a deep-rooted resentment among us that it may never go away.....in its employees, in the communities they serve, and among the regulators in the industry. Word gets out, and that's why they can't seem to hire anyone anymore. Everyone in those railroad communities across the country knows their game now.

**They know without any doubt that the railroad industry is controlled by Wall Street hedge funds and it becomes even more abundantly clear each and every day.** Even in my time at the railroad, the company is unrecognizable, and I could never in good conscience recommend it as a good place to work, nor lower myself to go into management, even though I had wanted to several years ago. Now, even I, a train lover, a railroad history enthusiast for life.....even I am counting my days and expanding my investment opportunities into other fields so that I can pull the pin early and leave the railroad to burn. Sadly though, even that is an end that I know is not going to be a reality. Companies such as the railroad no longer crash and burn when management cuts to the bone and runs their operation into the ground. They are too big to fail. They run themselves into the ground, and then they get a big taxpayer bailout as a reward. And that in itself is just another reason why the American railroad worker has lost their loyalty and drive to work to support the industry and their employers. We all know now that in the end, we are expendable and are allowed to fail. The railroad has made that perfectly clear.

Sincerely,

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