



*A bold voice for transportation workers*

## **PRECISION SCHEDULED RAILROADING THREATENS TO GUT AMERICA'S FREIGHT RAIL SYSTEM**

Since the first U.S. freight trains departed from Baltimore nearly 200 years ago, the freight rail industry has served as the backbone of domestic commerce, providing reliable, safe and responsive service and in the process creating and sustaining good union jobs. The success of the rail industry is premised on the fair treatment and utilization of its frontline workforce, balanced economic regulations and an expectation that railroads will meet their service obligations. Unfortunately, the introduction of an operating model known as Precision Scheduled Railroading (PSR) threatens to weaken these conditions and undermines our freight rail industry.

Freight railroads today are generating record revenues and operating at high levels of efficiency. But for some, these profits are not enough. To satisfy their outsized needs, short-term investors and hedge fund managers have forced PSR on large segments of the freight rail industry. This decision is not based on what is best for customers, workers, or even the long-term needs of the industry—it is about satisfying what Transportation and Infrastructure Committee Chairman Peter DeFazio described as the “Wall Street Jackals” who now dominate this sector.

Whereas carriers once sought to accommodate shippers’ unique requirements and schedules, PSR dictates that rail cars operate on a set and often arbitrary schedule, arriving and departing at specific times regardless of the needs of its customers. PSR proponents claim that this improves train velocity—how quickly they can move trains from one location to another. However, we know the ultimate goal of PSR is to cut every possible corner and to slash every penny out of a capital-intensive industry that needs a long-term perspective to survive.

Mass layoffs have been a disturbing and central component of PSR operations. In just the first two years after CSX implemented this model, the carrier fired 22% of its equipment maintenance workers, 16% of its train crews and 11% of its maintenance-of-way employees. In a 2018 interview, Union Pacific’s CEO proudly stated that, “We’re in the process of eliminating about 500 jobs [and] there’s more of that to come.” Railroads may want us to believe these workers are extraneous, but it has become clear that reductions are simply about cutting costs, even if those cuts result in the degradation of safety. Workers who remain have been forced to do more with less, and are faced with discipline or dismissal if they refuse to comply. The consequences of these choices are no longer hypothetical.

As carriers that have prescribed to PSR run fewer trains, understaffed shop craft facilities are reporting increasingly idle locomotives and equipment, but lack the workforce to keep the equipment in a state of good repair. In some cases, carriers are closing facilities entirely, increasing the workload for employees elsewhere who are already overwhelmed.

Carriers are also compensating for reduced staffing by requiring remaining employees to perform work outside their craft in addition to fulfilling their regular duties. At best, this may involve employees performing tasks with which they are not experienced. At worst, employees may be forced to do work for which they are not qualified. Furthermore, rather than maintaining appropriate staffing levels, carriers are mandating overtime for workers who are already stretched thin. In an industry where fatigue is a constant risk factor, exposing employees to additional fatigue by asking them to work longer and faster while performing multiple jobs is a recipe for disaster.

When TCU and IAM conducted a survey of their members on the impacts of PSR, the answers painted a deeply disturbing picture of day-to-day operations. One responding machinist reported being sent, by himself, to work with dangerous and heavy equipment that once required two workers, and expressing fear that no one would know to call for help if he was injured. A carman wrote that at his yard, management now demands brake inspections be performed at the extraordinary and unsafe pace of just 60 seconds per car. Employees of both crafts say critical safety rules designed to protect employees from being hit by equipment are being ignored in the name of speed. Numerous employees stated that re-shift safety briefings—a common industry practice—are being eliminated in order to better utilize man-hours. And commonly, carmen are being forced to ignore FRA defects. One consistent theme emerged throughout the responses: railroads value getting trains moving and moving quickly above all else, including safety.

Rail carriers are also increasingly turning to longer and heavier “PSR-optimized” trains to increase efficiency. A recent GAO report found average train length has increased by approximately 25 percent since 2008, and carriers are regularly operating trains up to three miles long. Frontline workers told GAO they are not receiving adequate training on how to safely operate these longer trains. And current rail networks are simply not designed for trains of this magnitude, which risks delays to both freight and passenger service. Furthermore, local communities are not included in discussions about the use of longer trains in their jurisdictions that often block grade crossings and can make it difficult for emergency personnel to respond if an incident does occur. The FRA has failed to address the substantial safety challenges these operations present.

In fact, the FRA has done nothing at all to address PSR’s effect on safety. Recently, on a private conference call to FRA employees, a senior staff member dismissed PSR issues as mere “hiccups.” Yet, FRA’s own data shows far more than just a hiccup. Derailments, fatalities, and collisions have all increased over the last several years. Accidents involving injuries to Class I carrier employees will increase across most railroads in 2019. The total number of employees injured at Kansas City Southern and Union Pacific have already surpassed these carriers’ employee injury totals from 2018. The Class I carrier slated to do better in 2019 is BNSF. Not so coincidentally, BNSF is the only carrier who has not moved to PSR.

Between reports from frontline employees and the FRA’s own data, it is clear that PSR puts rail workers and the public at real and unacceptable risk. The FRA must take aggressive action to address these concerns before conditions further erode. The agency should start by not ignoring safety violation reports filed by frontline workers that describe a culture on PSR carriers that is

not conducive to safe operations. More broadly, the FRA needs to conduct detailed analysis of modern rail operations—even when the letter of the law or regulation is not being explicitly violated—in order to prioritize safe operations.

We are also deeply concerned with the impacts of PSR on the future viability of freight rail and existing networks. At a recent hearing on the subject, witnesses discussed a Tennessee Pringles factory nearly driven out of business due to delays in shipments, a Kellogg plant that had to suspend production entirely, and federal intervention that was required to get grain moving to Florida farms. Even while providing substandard service, railroads are padding their pockets with fees they assess when shippers cannot comply with the carrier's demanding schedule. In 2018 alone, Class I's levied a record \$1.2 billion in fines against shippers. The lack of compatibility between PSR and customers' needs has even led to questions of whether carriers who have adopted PSR are abiding by their common carrier obligations. While Wall Street may enjoy the fruits of this model now, it presents long and short-term risks of pushing away customers whose business models rely on freight rail service.

Impacts to shippers will have far-reaching economic effects. In 2017, freight rail networks moved approximately \$174 billion worth of goods. Disrupting the flow of commerce by degrading service or cutting off rail shipping options entirely will have cascading effects throughout sectors that directly or indirectly rely on freight rail to move their goods.

Precision Scheduled Railroading works for the few—wealthy investors who have little concern for anything other than their bottom lines. These investors are fickle, and when they have extracted every last cent out of the railroad industry, they will move on to the next sector. Meanwhile, we will be left with a hollowed-out system that does not serve its customers, has abandoned safety, and has pushed out thousands of skilled workers who may never return. This trajectory can be changed, but doing so will require active engagement from Congress and federal safety and economic regulators, as well as a serious rethinking of operational strategy from freight rail carriers. TTD calls on them to reverse the damage caused by PSR before it becomes too late.

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