

Railroads, Unions Form Rare Alliance Over Sickness Benefit Cuts

By Lillianna Byington and Diego Areas Munhoz | July 24, 2023 5:05AM ET

- Nearly 6% cut to some railroader benefits hits post-pandemic
- Congress faces tough path despite bipartisan support

A recent cut in railroad workers' sickness and unemployment benefits has made bedfellows of usually-adversarial groups—railroad companies and their employees—now pushing Congress to fix an issue that could strain their workforce and the nation's supply chain it supports.

Legislation to reverse the decrease has bipartisan, bicameral support, but Congress's emboldened fiscal hawks and packed schedule threaten relief for the workers whom lawmakers have praised in recent years for keeping the economy moving through the pandemic.

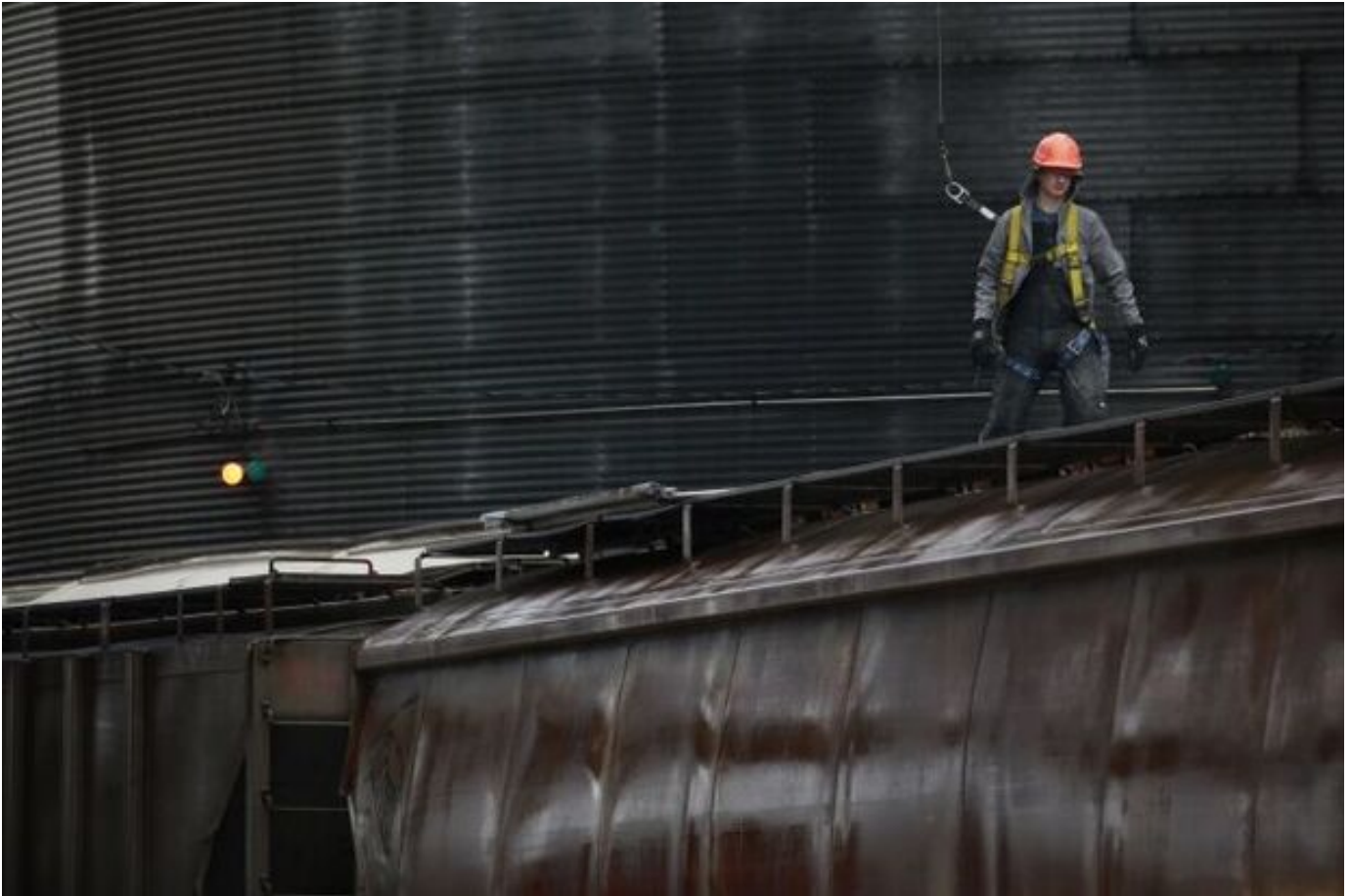
"It's really very frustrating," Matt Weaver, who has worked on the railroad since 1994, said. "It's really substantial because we work outside, we're in the heat, our bodies are beat up, hips, knees, shoulders are beat up by the work we do."

Unemployment and sickness benefits for railroaders, administered by a federal agency but paid for by the railroads, were sequestered in May when the Covid-19 national emergency tied to the pandemic ended. The benefits were cut 5.7%—marking the only unemployment program cut by the federal government and leaving thousands who use them shortchanged from a program that is paid for entirely by the industry.

The renewed cuts come during a tense time for railroads. A narrowly averted rail strike, worker layoffs, and safety concerns after recent derailments have drawn national attention

to the industry and divided railroad workers and their employers on almost every issue. But on this, the oft-rivals are on the same side.

“We’re in lockstep,” Jessica Kahanek, senior director of media relations for the Association of American Railroads, said. “It’s been kind of an all hands effort to try and rectify this situation.”



Luke Sharrett/Bloomberg

A worker on a railroad grain hopper car in Edinburgh, Indiana.

Lawmakers in both chambers—and across the ideological spectrum— are pushing to advance the legislation ([H.R. 2785](#), [S.1274](#)) that would remove sequestration constraints on the benefits. Still, even with only private dollars on the line, it’s far from guaranteed lawmakers will be able to pass changes, especially in a cut-friendly Congress. Similar legislation failed to clear the last Congress.

“If it’s not a really big thing, sometimes it just doesn’t move in Congress,” said Greg Regan, president of the Transportation Trades Department. “It’s so difficult to get something that’s small but really important to a lot of people in this country.”

'When you need it, you need it'

Railroaders who rely on these benefits [get](#) \$87 per day, but the nearly 6% cut means workers now lose nearly \$50 per two-week period. About 12,300 railroaders were awarded sickness benefits in the most recent benefit year, which ended June 30, according to preliminary data from the Railroad Retirement Board, which has administered the funds for decades.

The railroad workforce in the US is also an aging one, where workers [are susceptible](#) to medical conditions. The fund is the main line for sickness benefits for rail workers, particularly for those who need it for an extended period of time. The workers can receive payments for up to 26 weeks, and the benefits also apply to health conditions related to pregnancy, miscarriage, and childbirth.

Railroaders who rely on these benefits [cannot also](#) receive unemployment and sickness benefits through state-administered programs.

"When you're out, you're sick or you're out on unemployment, \$48 bucks every two weeks can go a long way. When you need it, you need it," Tim Cahall, a machinist for Amtrak and member of the International Association of Machinists and Aerospace Workers union, said. "It's not happening in any other industry. And why it's happening to us, it's hard to understand."

Amtrak said in a statement that it would also work with Congress to "rectify this unfair situation."

These cuts were originally part of a broad agreement to avoid a debt ceiling crisis in 2011 ([Public Law 112-25](#)) by slashing various domestic programs, and they have fluctuated over the years. The sequestration stopped during the pandemic when a pause was passed through a 2020 relief bill ([Public Law 116-260](#)), but the cuts resumed about two months ago.

The Railroad Retirement Board administers the program, but the benefits are financed by contributions from railroads.

"It feels almost like an accident that this program is even sequestered at all," Chuck Baker, president of the American Short Line and Regional Railroad Association, said. "It literally doesn't save the federal government any money."

The sequestration will continue through fiscal 2030 without congressional intervention. The rail industry has faced challenges with recruitment and retention, and some say these cuts could worsen those challenges.

“The consequence could be people decide ‘I can’t afford to do this. I’m going to have to go work in different industries,’” Regan said. “Arbitrarily cutting a benefit like this one or reducing the benefit is not good for the workers, but it’s certainly not good for overall economic outlook.”

End-of-Year Path?

The rail companies and unions are lobbying Congress to end the cuts, sending letters last month to [House](#) and [Senate lawmakers](#). It marks a change of pace for the two, which have disagreed on [derailment legislation](#), [supply chain](#) challenges, and [Congress’s intervention](#) last year in labor negotiations.

“It’s nice to be on the same page with the unions,” Baker said. “It has not been the most harmonious time between railroad management and labor over the last couple of years.”

Despite the dual support, the bipartisan bill hasn’t moved. Given that passing standalone legislation through Congress—particularly in the Senate—is increasingly rare, lawmakers often have to find a legislative vehicle for lower-profile bills.

The Senate’s bipartisan rail safety legislation isn’t a viable option. Beyond facing its [own battles](#) for passage, the bill also doesn’t count the support of the railroad companies.

But Rep. Jan Schakowsky (D-Ill.), the bill’s primary House sponsor, said appropriations bills, which typically pass by the end of the year, are the most likely home for the legislation.

“No later than the end of the year that we’re going to make sure that these railroad workers are protected,” Schakowsky said in an interview.

The bill may run into opposition from budget hawks who don’t want to open the doors to sequestration reversals to avoid increased government spending. Sen. Mike Braun (R-Ind.), a member of the Senate Budget Committee, said he wasn’t familiar with the legislation, but did sound alarms over the prospects of reversing sequestrations, even if for a good cause.

“We’re now with \$32 trillion in debt and everyone’s going to have an issue that’s important to him or her,” he said in an interview. “Even on issues I really like, if it’s padded with more debt, I’m going to be against it on that principle.”

The bill’s backers reinforced that it’s important to educate members about the nature of the rail benefits fund.

“This is not federal money,” Schakowsky said. “I think that’s one of the reasons that we’re able to get bipartisan support.”

Sen. Deb Fischer (R-Neb.), who sponsored the bill in the Senate, said when she introduced the legislation that the benefits aren’t responsible for excessive federal spending, and “no other industry in our country has to face this cut.”

“I’m hoping we can get it done,” she said in a brief hallway interview. “It’s obviously very bipartisan, it’s got good support. So I would think we’d be able to get it done sometime.” She said Congress has been busy with defense legislation, but she didn’t see “a big issue” with it.

Still, Congress has a slate of must-pass bills on its agenda that are already facing hurdles to passage, and supporters fear that smaller issues will fall through the cracks.

“Rail workers should not be punished for the mistakes of a dysfunctional Congress,” Cahall said.

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