

SURFACE TRANSPORTATION BOARD REVERSES ARBITRATORS' DENIAL OF MERGER-RELATED LABOR PROTECTION FOR RAIL EMPLOYEES

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has partially granted a 1997 appeal by railroad employees of an arbitration panel's decision affecting the rights of employees arising from the 1968 merger of the Pennsylvania Railroad Company and the New York Central Railroad Company into the Penn Central Transportation Company (Penn Central).

At issue was an appeal from the panel's denial of merger-related, labor-protection benefit claims filed by 17 former rail yard workers of the Cleveland Union Terminals Company (CUT). The employees had been furloughed as part of Penn Central's absorption of CUT, and were directed to be available for work in a nearby freight yard. Ten of the employees reported for work at the nearby yard, and seven did not. The 10 reporting employees were not called to work at the yard and they filed claims for merger-protection benefits, as did the seven nonreporting employees. A court ordered the issue to be resolved by an arbitration panel. The panel subsequently denied the claims of all 17 employees.

Concluding that the panel had erred egregiously in various aspects of a decision that was "fundamentally unfair" in its denial of benefits to the reporting employees, the Board reversed the panel's decision as it applied to them. In so reversing the panel's decision, the Board noted that while it prefers to rely upon negotiation and arbitration to resolve labor issues, the panel, in summarily denying benefits to those employees who had reported to work, failed to observe the imposed labor protection conditions.

Though the dispute over the employees' entitlement to benefits was the subject of court litigation and arbitration processes over many years, it was not until 1997 that the employees' appeal, along with necessary supporting documentation, was filed with the Board. The Board's decision today in the case entitled *Pennsylvania Railroad Company--Merger--New York Central Railroad Company (Arbitration Review)*, STB Finance Docket No. 21989 (Sub-No. 3) addressed that appeal. The full text of the Board's decision is available on the Board's website at www.stb.dot.gov.

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