

**NATIONAL MEDIATION BOARD  
FISCAL YEAR 2019  
CONGRESSIONAL BUDGET SUBMISSION  
FEBRUARY 12, 2018**



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## EXECUTIVE SUMMARY

The National Mediation Board (NMB) presents its justification supporting the Fiscal Year (FY) 2019 budget request of \$13,205,000. The agency believes the requested level is necessary for the Board to operate efficiently while not impeding the ability to successfully accomplish its statutory mission.

The NMB is a small agency (51 FTE) with a mission to deliver critical services to approximately 150 commercial airlines and over 500 railroads and their unions. To fulfill our mission, the agency requests \$9,083,000 for personnel compensation and benefits. Included in this amount is \$1,110,000 for referees who conduct statutory arbitration of minor disputes in the railroad industry. This level of funding will ensure that the NMB can maintain its obligations for arbitration under the Railway Labor Act, and remain in compliance with prior audit and Government Accountability Office (GAO) decisions regarding how we must account for the cost of cases once they are assigned to a referee. The remaining \$3,722,000 includes the funds set aside for Presidential Emergency Boards (\$400,000) and all the remaining object classifications for NMB operations.

In order to ensure that cases are settled in a timely manner, and to reduce the overall cost of arbitrating "minor disputes" in the railroad industry, the NMB has for the past few years encouraged the parties to take advantage of grievance mediation (GM) as a precursor to formal arbitration. The NMB GM Ambassador Program and the ongoing efforts by the Board Members and NMB staff have resulted in significant cost savings for the agency. Although the final audit of grievance mediation cases is not complete for FY 2018, it is clear that cases resolved in grievance mediation will result in agency savings of approximately \$500,000. This money can instead be applied to cases that require arbitral decisions, and ensures that those cases are heard more quickly than they would be heard in the absence of the grievance mediation program.

The NMB has been and continues to be at the forefront of organizational and technological innovation among Federal government agencies. Development and use of online applications in Representation, Mediation, and Arbitration have increased the parties' access to NMB mission area services and has allowed the NMB to continue to provide outstanding service in an era of frozen and shrinking budgets. Development of IT solutions has enabled the NMB to implement the first all-electronic records program, and to be the first Federal agency to move completely to a secure cloud for all of its business systems. Use of grievance mediation and other innovative approaches to resolve minor disputes has allowed the agency to help the parties resolve more outstanding disputes at a lower per-case cost than ever before. This spirit of innovation ensures that the National Mediation Board will continue to be a model for good government, and will ensure that the agency continues to be one of the premier labor-management dispute resolution programs in the world.

The Board anticipates an increase in demand for its services from the parties.

We stand ready to meet those challenges. On behalf of the NMB, we thank the Subcommittee for its support of the Board in its unique work in the airline and railroad industries.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gerald W. Fauth, III". The signature is stylized and cursive.

Gerald W. Fauth, III  
Chairman  
Attachments

APPROPRIATION LANGUAGE  
National Mediation Board  
Salaries and Expenses

For expenses necessary to carry out the provisions of the Railway Labor Act, including emergency boards appointed by the President \$13,205,000.

*Note: A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.*

## SALARIES AND EXPENSES

### Appropriation History

<u>Year</u>	Budget Estimate to <u>Congress</u> \$	House <u>Allowance</u> \$	Senate <u>Allowance</u> \$	Appro- priation \$
2007	11,749,000	11,749,000	12,500,000	11,595,760 <u>1/</u>
2008	12,242,000	12,992,000	12,992,000	12,685,000 <u>2/</u>
2009	12,432,000	12,992,000	12,992,000	12,992,000 <u>3/</u>
2010	13,434,000	12,992,000	13,934,000	13,463,000 <u>4/</u>
2011	13,772,000	14,972,000	13,772,000	13,436,074 <u>5/</u>
2012	13,961,000	13,436,000	13,436,000	13,410,606 <u>6/</u>
2013	13,530,000	13,411,000	14,411,000	12,709,000 <u>7/</u>
2014	13,347,000		13,384,000	13,116,000 <u>8/</u>
2015	13,227,000	13,108,734	13,108,734	13,227,000 <u>9/</u>
2016	13,230,000	13,230,000	12,600,000	13,230,000 <u>10/</u>
2017	13,300,000	13,300,000	13,800,000	13,800,000 <u>11/</u>
2018	13,205,000	13,500,000	13,800,000	
2019	13,205,000			

1/ Pursuant to the Fiscal Year 2007 Continuing Appropriations Resolution, P.L. 110-5.

2/ Pursuant to the Fiscal Year 2008 Continuing Appropriations Resolution, P.L. 110-161.

## SALARIES AND EXPENSES

Appropriation History Cont.

- 3/ Pursuant to the Fiscal Year 2009 Omnibus Appropriations Act, P.L. 111-8.
- 4/ Pursuant to the Fiscal Year 2010 Consolidated Appropriations Act, P.L. 111-117.
- 5/ Pursuant to the Fiscal Year 2011 Full-Year Continuing Appropriations Act, P.L. 112-10.
- 6/ Pursuant to the Fiscal Year 2012 Consolidated Appropriations Act, P.L. 112-74.
- 7/ Pursuant to the Fiscal Year 2013 Consolidated Appropriations Act, P.L. 113-6, section 3004(c) dated March 26, 2013, this is the 0.2% across the board reduction.
- 8/ Pursuant to the Fiscal Year 2014 Consolidated Appropriations Act, P.L. 113-32.
- 9/ Pursuant to the Fiscal Year 2015 Consolidated Appropriations Act, P.L. 113-235.
- 10/ Pursuant to the Fiscal Year 2016 Consolidated Appropriations Act, P.L. 114-113.
- 11/ Pursuant to the Fiscal Year 2017 Consolidated Appropriations Act, P.L. 115-31.

## SUMMARY OVERVIEW

### National Mediation Board

The National Mediation Board requests \$13,205,000 for its total program for FY 2019 to continue its efforts to perform the statutory mandates of managing representation issues and resolving major and minor labor disputes in the airline and railroad industries. The Board continues its efforts to maintain a highly skilled workforce by recruiting, developing, and retaining qualified individuals. This budget provides an overview of the Railway Labor Act (RLA) and the functions of the NMB. It also provides information on the resources needed for the Board to accomplish its strategic and performance goals.

### SUMMARY OVERVIEW (FINANCIAL)

Fiscal Year 2018 Request Level	\$13,205,000
Fiscal Year 2018 CR Level	\$13,706,284
Compensation and Benefits Increases	
Other Current Service Level Changes	(\$501,284)
Fiscal Year 2019 Request Level	<u>\$13,205,000</u>

#### Personnel Summary

FY 2017 Actual – FTE	34
<i>(Board Member (2), Confidential Assistant (3), Chief of Staff, Receptionist, Budget Officer, Program Support Specialist (1), Program Analyst (2), Arbitration Program Specialist (2), Supervisory Program Management Specialist, Mediator (2) and Attorney (2))</i>	
FY 2018 Estimated – FTE	51
<i>(Confidential Assistant (3), Chief of Staff, Receptionist, Budget Officer, Program Support Specialist (1), Program Analyst (2), Arbitration Program Specialist (2), Supervisory Program Management Specialist, Mediator (2) and Attorney (2))</i>	
FY 2019 Request - FTE	51



National Mediation Board  
 Program and Financing Schedule  
 (In Thousands of Dollars)

Identification Code 95-2400-0-1-505	FY 2017 Actual	FY 2018 Estimated	FY 2019 Request
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Obligations by Program Activities:

Mediation Services	6,690	8,049	8,049
Representation Services	1,899	2,442	2,442
Arbitration Services	2,221	2,815	2,314
Emergency Disputes	0	400	400
Total obligations	10,811	13,706	13,205

Budgetary Resources Available for Obligation:

New budget authority (gross)	13,800	13,706	13,205
New obligations	(13,800)	(13,706)	(13,205)
Unobligated balance expiring	(0)	(0)	(0)

New Budget Authority (Gross), Detail:

Appropriation	13,800	13,706	13,205
Appropriation permanently reduced	0	0	0
Appropriation (total discretionary)	13,800	13,706	13,205

Change in Obligated Balances:

Obligated balance: start of year	2,920	4,611	4,795
Total new obligations	12,483	13,506	12,905
Total outlays (gross) (-)	(10,533)	(12,906)	(12,755)
Adjustments in expired accounts	(259,055)	(415,884)	0
Obligated balance: end of year	4,611	4,795	4,945

Net Budget Authority and Outlays:

Budget Authority gross	13,800	13,706	13,205
Actual Offsetting Collections	(1,556)	0	0
Recoveries of Prior Year Paid Obligations	1,556	0	0
Budget Authority (net)	13,800	13,706	13,205
Outlays (net)	10,531	12,906	12,755

National Mediation Board  
 Personnel Summary

	FY 2017 Actual	FY 2018 Estimated	FY 2019 Request
Total Number of Full Time Permanent Positions	51	51	51
Full Time Equivalent			
Full Time Permanent	31	45	45
Other	3	6	6
Total Employment, end of year (FTE)	34	51	51
Average GS Grade			
	12.71	12.86	12.86
Average GS Salary			
	\$114,874	\$125,213	\$136,486
Average Salary of Senior Executive Service Positions			
	\$164,495	\$177,522	\$179,300
Average Salary of Executive Level Positions			
Level 3, Chairman	\$165,300	\$165,300	\$165,300
Level 4, Board Members	\$155,500	\$155,500	\$155,500

National Mediation Board  
Object Classification  
(In Thousands of Dollars)

	FY 2017 Actual	FY 2018 Estimated	FY 2019 Request
Personnel Compensation:			
Full-time Permanent	4,889	5,974	5,974
Special personnel services payments	1,362	1,611	1,110
Total Personnel Compensation	6,251	7,585	7,084
Civilian Benefits	1,417	1,999	1999
Benefits for Former Personnel	0	0	0
Travel & Transportation of Persons	497	630	630
Transportation of Things	0	2	2
Rental Payments to GSA	37	1,358	1,358
Communications, Utilities, & Misc. Charges	475	90	90
Printing & Reproduction	3	2	2
Other Services	1,616	1,525	1,525
Supplies and Materials	205	65	65
Equipment	65	50	50
Subtotal Obligations	10,566	13,306	12,805
PEB Obligations	0	400	400
Total Obligations	10,566	13,706	13,205

## DETAILED EXPLANATION OF CHANGES

### BY OBJECT CLASS FOR FISCAL YEAR 2019

National Mediation Board  
(In Thousands of Dollars)

#### Increases and Decreases for Current Services and Request Level

FY '18	FY '19		Net Change
		<u>Personnel Compensation and Benefits</u>	
\$9,584	\$9,083		\$(501, 284)

The personnel category provides funding for all salaries and benefits of the Federal career staff along with the government's share of the two retirement systems (CSRS, FERS), Medicare, and the Thrift Savings Plan. This category also includes payments for work by the arbitration referees.

NMB's request of \$9,083 funds the three program areas: (1) Mediation, which includes 35 career staff across the offices of the Board, Administration, Mediation/ADR services; (2) Representation, which includes the General Counsel, 7 Attorneys and 3 support staff; and (3) Arbitration, which includes 6 career staff and the salary compensation for the arbitration referees.

DETAILED EXPLANATION OF CHANGES  
BY OBJECT CLASS FOR FISCAL YEAR 2019

National Mediation Board  
(In Thousands of Dollars)

Increases and Decreases for Current Services and Request Level  
Travel and Transportation of Persons

FY '18	FY '19	Net Change
\$630	\$630	\$0

This category will fund the travel expenses of the Board Members, Mediators, Attorneys, Arbitration referees, and local transportation costs for the entire Agency.

Transportation of Things

\$2	\$2	\$0
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The requested amount will cover the cost of commercial courier services by the Board's staff.

Rental Payments to GSA (Rent)

\$1,358	\$1,358	\$0
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This category covers the amount paid to the General Services Administration (GSA) to lease its office space in Washington, D.C. In addition, the cost of leasing the office space in Chicago for the National Railroad Adjustment Board is in this category

Rent, Communications, and Utilities (RCU)

\$90	\$90	\$0
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This category covers funds for the use of commercial, local and long distance telephone services, and payment to GSA for after-hour utilities.

DETAILED EXPLANATION OF CHANGES  
BY OBJECT CLASS FOR FISCAL YEAR 2019

National Mediation Board  
(In Thousands of Dollars)

Increases and Decreases for Current Services and Request Level

FY '18	FY '18		Net Change
		<u>Printing and Reproduction</u>	
\$2	\$2	This category covers printing, reproduction, binding and related composition operations of the Board.	\$0
		<u>Other Services</u>	
\$1,525	\$1,525	This category provides funding for a wide range of commercial and government services. These services include maintenance contracts on all general and information management equipment, commercial database access, payments for systems development and support, repairs and/or alterations to existing space, consultants and experts, agency training and conference fees for its staff. This category also provides training for the staff, funding to support services for the agency's accounting, procurement, human resources, information technology and records management activities, which are outsourced.	\$0

DETAILED EXPLANATION OF CHANGES  
BY OBJECT CLASS FOR FISCAL YEAR 2019

National Mediation Board  
(In Thousands of Dollars)

Increases and Decreases for Current Services and Request Level

FY '18	FY '19	Net Change
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Supplies and Materials

\$65	\$65	\$0
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This category provides funding to purchase general office supplies, IT supplies, subscriptions, and government publications.

Equipment

\$50	\$50	\$0
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This category provides for the equipment needs of the agency including hardware and software for information technology requirements, telecommunication equipment as well as office furniture purchases.

Presidential Emergency Board

\$400	\$400	\$0
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This category funds the Presidential Emergency Boards (PEB) in which the NMB compensates members appointed by the President to resolve disputes. The object class breakout is determined once the board is enacted. Based upon historical knowledge, funds can be obligated in personnel compensation, travel, rent and communication and other services.

\$13,706 \$13,205 TOTAL FOR ALL OBJECT CLASSES

## MISSION STATEMENT

### **Railway Labor Act and NMB Functions**

The National Mediation Board (NMB) is an independent Executive Branch agency established by the Railway Labor Act of 1926, as amended in 1934. The Act was expanded in 1936 to cover the airline industry. The NMB performs a key role in achieving the principal purpose of the Act: "to avoid any interruption in commerce or to the operation of any carrier engaged therein" by assisting the carriers and their employees in their duty under the Act to "exert every reasonable effort" to settle disputes. The Board's principal statutory goals are:

1. To facilitate the resolution of disputes in the negotiation of new or revised collective bargaining agreements;
2. To insure employee rights of self-organization, without interference, when representation disputes exist, and;
3. To provide for the prompt and orderly settlement of disputes growing out of minor disputes or out of the interpretation or application of agreements covering rates of pay, rules, or working conditions.

### **GENERAL AGENCY GOALS**

- To promote the amicable resolution of disputes between carriers and employees by providing quality conflict prevention and resolution services, including both traditional mediation and alternative dispute resolution, while encouraging an atmosphere of harmony that will facilitate future bargaining in the airline and railroad industries.
- To deliver, through the prompt investigation of representation disputes among rail and air employees definitive resolution of employees' representation status for collective bargaining purposes.
- To improve and strengthen the NMB's systems and processes for resolving minor disputes in the air and rail industries.
- To improve the management of our human capital and to continue to assess the opportunities to outsource commercial tasks, improve financial performance, and expand e-government applications; and strengthen the linkage between budget planning and agency performance.
- To develop a program of outreach and coordination with entities engaged in dispute resolution, with entities engaged in collective bargaining, and to engage in educational enterprises with other agencies, colleges, and universities.



## PROGRAM DESCRIPTION

### Office of the Board

Funding (in thousands) and FTE			
FY 2018 Estimated		FY 2019 Request	
\$	FTE	\$	FTE
1,276	13	1,276	13

\*The amounts listed above reflect personnel compensation. The total cost of this program is included in the Office of Administration.

The three Board Members of the National Mediation Board administer the Railway Labor Act, which governs labor relations in the rail and air industries. The Board Members oversee the mediation of collective bargaining disputes, and by quorum they are responsible for determining whether and when to release the parties so they may engage in self-help. If the Board Members determine that a labor dispute potentially threatens interstate commerce, the Members are responsible for notifying the President. Additionally, the Members are responsible for certifying the results of representation elections, and for all representation policy decisions, including, but not limited to, jurisdiction, merger issues, system and craft or class issues, and election interference. The Board Members also oversee the funding of arbitration of disputes over the interpretation of collective bargaining agreements in the rail industry. The Board Members provide overall leadership and strategic direction for the entire Agency, but the Board has delegated day-to-day oversight and administration to the Chief of Staff and the General Counsel. The Chief of Staff along with the Departmental Directors and General Counsel direct the program areas, which include: Office of Mediation and ADR Services, Office of Legal Affairs, Office of Arbitration Services, and the Office of Administration.

## **Office of Mediation and ADR Services**

Funding (in thousands) and FTE			
FY 2018 Estimated		FY 2019 Request	
\$	FTE	\$	FTE
2,082	15	2,082	15

\*The amounts listed above reflect personnel compensation.

The total cost of this program is included in the Office of Administration.

### ***Overview of Mediation for Fiscal Year 2017 and Fiscal Year 2018***

The Office of Mediation and Alternative Dispute Resolution Services (OMS) manages mandatory mediation of collective bargaining disputes pursuant to statutory authority under Section 6 of the Railway Labor Act (RLA), which is applicable to both the airline and railroad industries. The Alternative Dispute Resolution (ADR) component of OMS offers voluntary dispute resolution programs to the parties including training, facilitation, grievance mediation, and other dispute resolution efforts.

#### ***Mediation Overview***

The RLA requires labor and management to exert every reasonable effort to make and maintain collective bargaining agreements. Initially, the parties must give notice to each other of their proposals for new or revised agreements. Direct negotiation between the parties must commence promptly and continue in an effort to conclude a new collective bargaining agreement or to narrow their differences. Should parties fail to reach agreement during direct negotiations, either party or the parties jointly may apply to the NMB for mediation. Following receipt of an application, the NMB promptly assigns a mediator to assist the parties in reaching an agreement. An application for NMB Mediation Services may be obtained from the Agency's web site at [www.nmb.gov](http://www.nmb.gov).

The NMB is obligated under the Act to use its "best efforts" to bring about a peaceful resolution of the dispute. If such efforts do not settle the dispute, the NMB advises the parties and offers Interest Arbitration (proffers arbitration) as an alternative approach to resolving the remaining issues. If either party rejects this offer of binding arbitration, the NMB releases the parties from formal mediation. This release triggers a thirty-day cooling off period, during which the Agency continues to work with the parties to achieve a consensual solution to the dispute. However, if an agreement is not reached by the end of the thirty-day period and the President of the United States does not establish an Emergency Board, the parties are free to exercise lawful self-help, which includes carrier-imposed working conditions or a strike by the union/organization.

A flow-chart of mediation procedures can be found in the Mediation section of the NMB website at [www.nmb.gov](http://www.nmb.gov).

**Mediation Highlights**

Mediation for collective bargaining agreements was successful in FY 2017. Mediators effectively used their skills to assist parties in finding ways to bridge their disputes and reach agreement. Agreements were mediated in the airline sector with passenger and freight carriers, and in the rail sector with freight and commuter lines. Challenges at the bargaining table included consolidating agreements after mergers, and dealing with health care changes.

**Settlements:** In the airline sector, settlements were reached with Delta and its ALPA Pilots, United and its IBT Mechanics, and Frontier with its TWU Dispatchers. In the rail sector, settlements were reached with the Soo Line and its ATDA Dispatchers, the Birmingham Terminal Railroad and its UTU Engineers and Conductors, and with Pan Am Railroad and its BRS Signalmen.

**Pending Cases:** Our work has been ongoing with ExpressJet and their IBT Mechanics and IAM Flight Attendants in a very dynamic environment, as well as on an agreement between Frontier and its ALPA Pilots. On the rail side, we continue to work with the NCCC and the labor coalitions representing their workers, as well as with PATH and its unions to reach agreements.

An application for NMB Mediation Services may be obtained from the Agency’s web site at <http://www.nmb.gov/documents/forms/maform.pdf>

A chart reflecting the actual Mediation case numbers for FY 2017, estimated case numbers for FY 2018, and the five-year average, FY 2013 – FY 2017 follows:

MEDIATION CASES	FY 2017 Actual	FY 2018 Estimate	FY 2013 - FY 2017 Five Year Average
Cases Pending Start	60	72	89
Cases Docketed	36	51	36
Sum	96	123	122
Cases Closed	26	41	41
Cases Pending End	72*	82	80

\*Includes one Amtrak case that was closed and re-opened in FY 17 as two separate cases with the original docket date of 12/15/15.

## **ADR Overview**

In addition to statutory mediation and arbitration services under Sections 3 and 6 of the RLA, the NMB provides voluntary Alternative Dispute Resolution (ADR) services. ADR Services include training, facilitation, grievance mediation, and an online dispute resolution (ODR) program, applying technology to the dispute resolution process.

The primary goal of the NMB's ADR program is to assist the parties in learning and applying more effective, less confrontational methods for resolving disputes. Another goal is to help the parties resolve more of their own disputes without outside intervention, and to use appropriate ODR technology to increase the efficiency and reduce the cost of dispute resolution efforts for the parties.

The NMB established its ADR Services program with the conviction that use of ADR and ODR methods would result in fewer cases progressing to statutory mediation, reducing and narrowing the issues that the parties bring to mediation, and positively affecting working relationships among the parties.

A complete description of and an application for ADR Services may be found on the Agency's web site at [www.nmb.gov](http://www.nmb.gov).

## **ADR Highlights**

ADR personnel continued to develop and deliver a wide range of services, including training (T cases), facilitation (F cases), grievance mediation (GM cases), facilitated problem solving (FPS) and Online Dispute Resolution (ODR). These services included training programs and facilitation efforts outside of, and in addition to traditional grievance mediation work.

**Training:** ADR Services has seen interest grow in its various training programs. NMB Mediators are skilled at instructing, and in FY 2017 Mediators regularly trained parties as they began facilitation or grievance mediation cases, or when they encountered problems during negotiations.

**Facilitation:** Facilitation plays an important role in helping parties to reach common ground. It offers carriers and unions a way to reach agreement outside the stricter confines of traditional mediation. With each experience, the NMB's knowledge base grows, and best practices from the process increase to the parties' benefit.

**Grievance Mediation:** Interest in grievance mediation continues to grow with the parties we serve in both the air and rail sectors. Activity in the rail sector in particular has grown with the ADR Ambassador program, which pairs a Mediator with a particular rail carrier and its unions to advance alternatives to arbitration. Grievance mediation also serves to solve problems before they become grievances, and helps to clarify issues ahead of bargaining.

**Online Dispute Resolution:** Technology continues to play an important role in resolving disputes in the air and rail industries. Especially when timing is critical, or when information exchange is beneficial between sessions, technology helps to bridge the gap. In other instances when circumstances prevent in person meetings, on line capabilities allow mediation sessions to continue.

A chart reflecting the actual ADR case numbers for FY 2017, estimated case numbers for FY 2018, and the five-year average, FY 2013 – FY 2017 follows:

ADR CASES	FY 2017 Actual	FY 2018 Estimate	FY 2013 - FY 2017 Five Year Average
Cases Pending Start	39	48	33
Cases Docketed	67	64	58
Sum	106	112	91
Cases Closed	59	51	53
Cases Pending End	48*	61	38

\*Includes one case entry error.

The following charts reflect the actual case numbers for FY 2017, and the estimated case numbers for FY 2018 and FY 2019 for both Mediation and ADR Cases:

MEDIATION CASES	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Cases Pending Start	60	72	82
Cases Docketed	36	51	41
Cases Closed	26	41	42
Cases Pending End	72*	82	81

\*Includes one Amtrak case that was closed and re-opened in FY 17 as two separate cases with the original docket date of 12/15/15.

ADR CASES	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Cases Pending Start	39	48	61
Cases Docketed	67	64	58
Cases Closed	59	51	54
Cases Pending End	48*	61	65

\*Includes one case entry error.

## **FY 2019 Mediation and ADR Performance Goals**

### **Mediation & Alternative Dispute Resolution Strategic Goal**

The resolution of disputes arising out of the negotiation of new or revised collective bargaining agreements.

#### **Goal 1: To provide prompt and appropriate intervention and assistance for disputes involving pay, work rules, and working conditions (major disputes).**

FY 2017 Accomplishments: NMB standards applicable to processing and managing cases involving major disputes were consistently met in FY2017. For FY2019, NMB will continue to refine case processing with enhancements to and refining of the Agency's Mediation Case Management System to track cases from application to closure. Case management was accomplished as planned with Mediators utilizing appropriate techniques at the table with support from Senior Mediators acting in an oversight role. Quarterly reviews of cases one year old or older by Board Members and senior mediation management insured that parties to the process received assistance appropriate for their case.

#### **Goal 2: Provide appropriate and effective mediator training and continuous development.**

FY 2017 Accomplishments: Through the use of Individual Development Plans (IDP) each Mediator participated in training and development that met her or his individual needs. In addition, training covering industry specific topics was conducted during each mediator meeting. Mediators attended conferences such as the Texas Labor Management Conference, the Association of Labor Relations Agencies annual conference, and the American Bar Association's conferences on the Railway Labor Act, Dispute Resolution and Employment and Labor Law. NMB will continue to prioritize mediator training and development in FY2019.

#### **Goal 3: Pursue innovation in the delivery of mediation and alternative dispute resolution services.**

FY 2017 Accomplishments: The Agency finalized its negotiation training that was developed for air and rail parties to use to prepare for negotiations. Mediators continued to refine ADR strategies and techniques that addressed the unique needs of our parties especially in grievance mediation.

#### **Goal 4: Improve efficiency and effectiveness of NMB programs by providing leading online dispute resolution (ODR) technology and techniques to the Mediators and the parties.**

FY 2017 Accomplishments: The Agency continues to explore uses for online dispute technology and offer it to parties. Mediators made use of technology to remotely

share information and language, to track changes in language, and to discuss proposals. ODR technology has been helpful in continuing the mediation process when travel to meet in person with the parties is restricted.



## **Presidential Emergency Board**

### ***Overview of Fiscal Year 2017***

Section 159A (Section 9A) of the Railway Labor Act (RLA) provides special, multi-step emergency procedures for unresolved collective-bargaining disputes affecting employees on publicly funded and operated commuter railroads. Section 160 (Section 10) of the RLA covers all other railroads and airlines.

When the National Mediation Board determines that a collective-bargaining dispute cannot be resolved in mediation, the agency proffers Interest Arbitration to the parties. Either labor or management may refuse the proffer and, after a 30-day cooling-off period, engage in a strike, implement new contract terms, or engage in other types of economic self-help, unless a Presidential Emergency Board (PEB) is established.

If the NMB determines, pursuant to Section 160 of the RLA, that a dispute threatens substantially to interrupt interstate commerce to a degree that will deprive any section of the country of essential transportation service, the NMB notifies the President. The President may, at his discretion, establish a PEB to investigate and report upon such dispute. Status-quo conditions must be maintained throughout the period that the PEB is impaneled and for 30 days following the PEB report to the President. If no agreement is reached, and there is no intervention by Congress, the parties are free to engage in self-help 30 days after the PEB reports to the President.

Apart from the emergency board procedures provided by Section 160 of the RLA, Section 9a provides special, multi-step emergency procedures for unresolved disputes affecting employees on publicly funded and operated commuter railroads. If the Mediation procedures are exhausted, the parties to the dispute or the Governor of any state where the railroad operates may request that the President establish a PEB. The President is required to establish such a board if requested. If no settlement is reached within 60 days following the creation of the PEB, the NMB is required to conduct a public hearing on the dispute. If there is no settlement within 120 days after the creation of the PEB, any party or the Governor of any affected state, may request a second, final-offer PEB. No Self-Help is permitted pending the exhaustion of these emergency procedures.

A chart reflecting the actual case numbers for FY 2016, FY 2017 and the five-year average, FY 2013-2017 follows:

	FY 2016 Actual	FY 2017 Actual	FY 2013-FY 2017 Five Year Average
Emergency Board Sec. 160	0	0	.5
Emergency Board Sec. 159A	1	0	1

**Highlights of Fiscal Year 2017**

There were no PEBs established in FY 2017.

**Forecast for FY 2018, FY 2019, and Beyond**

The NMB cannot predict precisely the number of PEBs that may be created during a given fiscal year. Estimates are based, among other factors, upon prior experience and knowledge of the contentiousness of the parties in the bargaining process and mediation, the number of cases, and the degree of impact of any dispute. For example, activity leading up to a release and the creation of a PEB for the LIRR and multiple unions occurred in FY 2013, but the PEB was established in FY 2014

The following chart reflects the actual case numbers for FY 2017 and estimated case numbers for FY 2018 and FY 2019:

	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated
Emergency Board Sec. 160	0	1	1
Emergency Board Sec. 159A	0	1	1

**Office of Legal Affairs/Representation**

Funding (in thousands) and FTE			
FY 2018 Estimated		FY 2019 Request	
\$	FTE	\$	FTE
1,882	10	1,882	10

**Overview of Fiscal Year 2017 and Fiscal Year 2018**

Under the Railway Labor Act (RLA), employees in the airline and railroad industries have the right to select a labor organization or individual to represent them for collective bargaining. Employees may also decline representation. An RLA representational unit is "craft or class," which consists of the overall grouping of employees performing particular types of related duties and functions. The selection of a collective bargaining representative is accomplished on a system-wide basis, which includes all employees in the craft or class anywhere the carrier operates in the United States. Due to this requirement and the employment patterns in the airline and railroad industries, the Agency's representation cases frequently involve numerous operating stations across the nation. [An application for a representation investigation may be obtained from the Agency's web site at [www.nmb.gov](http://www.nmb.gov).]

If a showing-of-interest requirement is met, the NMB continues the investigation, usually with a secret Telephone/Internet election. Only employees found to be eligible to vote by the NMB are permitted to participate in elections. The NMB is responsible for determining RLA jurisdiction, carrier status in mergers, and for ensuring that the requirements for a fair election process have been maintained without "interference, influence or coercion". If the employees vote to be represented, the NMB issues a certification of that result which commences the carrier's statutory duty to bargain with the certified representative.

In many instances, labor and management raise substantial issues relating to the composition of the electorate, jurisdictional challenges, allegations of election interference, and other complex matters which require careful investigations and ruling by the NMB.

The following chart reflects the actual case numbers for FY 2017, FY 2018 as of January 2018, and the five-year average, FY 2013-2017 follows:

	FY 2017 Actual	To Date FY 2018 Actual	FY 2013 - FY 2017 Five-Year Average
Cases Pending at Start	5	7	1.8
Cases Docketed	30	10	32
Cases Closed	28	4	30
Cases Pending at End	7	n/a	4.2

The NMB Office of Legal Affairs (OLA) continues to operate at a high level of quality and efficiency. As a review of customer service and performance standards will attest, the Agency’s Representation program consistently achieves its performance goals, delivering outstanding services to the parties and the public.

In FY 2017, the OLA staff closed **28** cases and also docketed **30** cases during the year. With the Agency resources requested for 2019, it is estimated that **33** representation cases will be investigated and resolved in the next fiscal year.

***Highlights during Fiscal Year 2017***

Representation disputes involving large numbers of employees generally are more publicly visible than cases involving a small number of employees. However, all cases require and receive neutral and professional investigations by the Agency. The NMB ensures that the employees’ choices regarding representation are made without interference, influence or coercion. The case summary that follows is an example of the varied representation matters which were investigated and resolved by the NMB in FY 2017.

**ALASKA AIRLINES/VIRGIN AMERICA**

On December 30, 2016, pursuant to the NMB’s Merger procedures and NMB Representation Manual Section 19.3, Alaska Airlines and Virgin America (collectively the Carriers) notified the NMB that, on December 14, 2016, Alaska Air Group, Inc. (AAG), parent of Alaska Airlines, Alpine Acquisition Corp. (a wholly owned subsidiary of AAG), and Virgin America implemented their April 1, 2016 Agreement and Plan of merger, resulting in AAG’s acquisition of 100 percent of the outstanding shares of Virgin America.”

Subsequently, the Board investigated Alaska Airlines and Virgin America to determine whether the Carriers were operating as a single transportation system for representation purposes under the RLA with respect to the crafts or classes of Flight Attendants, Pilots, Clerical, Office, Fleet and Passenger Service Employees and Dispatchers. These cases involved approximately 12,000 employees.

Based on the application of the NMB’s well-settled single carrier criteria to the facts disclosed by each investigation, the Board determined that there was substantial integration of operations, financial control, and labor and personnel functions and that Alaska and Virgin America are a single transportation system with respect to those crafts or classes. See *Alaska Airlines, Inc./Virgin America, Inc.*, 44 NMB 24 (March 13, 2017)(Flight Attendants); *Alaska Airlines, Inc./Virgin America, Inc.*, 44 NMB 49 (April 6, 2017)(Clerical, Office, Fleet and Passenger Service Employees); *Alaska Airlines, Inc./Virgin America, Inc.*, 44 NMB 82 (May 5, 2017)(Pilots); *Alaska Airlines, Inc./Virgin America, Inc.*, 44 NMB 165 (June 15, 2017) (Dispatchers).

In addition to the single transportation system determinations, the Board has also resolved the representation consequences with regard to the Flight Attendant, Clerical, Office, Fleet and Passenger Service Employees, Pilots, and Dispatchers crafts or classes. *Alaska Airlines, Inc./Virgin America, Inc.*, 44 NMB 63 (April 18, 2017)(Flight Attendants); *Alaska Airlines, Inc./Virgin America, Inc.*, 44 NMB 97 (May 8, 2017)(Clerical, Office, Fleet and Passenger Service Employees); *Alaska Airlines, Inc./Virgin America, Inc.*, 44 NMB 152 (June 5, 2017) (Pilots); *Alaska Airlines/Virgin America* 44 NMB 195 (August 24, 2017) (Dispatchers).

The following chart reflects the actual case numbers for FY 2017, the actual case numbers as of January for FY 2018 and the estimated case numbers for FY 2019:

	FY 2017 Actual	FY 2018 To Date	FY 2019 Estimated
Cases Pending Start	5	7	n/a
Cases Docketed	30	10	35
Cases Closed	28	4	34
Cases Pending End	7	n/a	n/a

## **FY 2019 Representation Performance Goals**

### **Representation Strategic Goal**

Investigate and resolve representation disputes efficiently. Provide effective legal counsel for the agency. Serve as counsel to any Presidential Emergency Boards.

#### **Goal 1: Prompt investigation of representation disputes and definitive resolution of employees' representation status for collective bargaining purposes.**

FY 2017 Accomplishments: In most cases: OLA responded to representation applications within 2 business days of receipt by the NMB; assigned an investigator within 2 business days of receipt of the application; determined showing of interest within 45 days of docketing an application; and issued a certification or dismissal the next business day after the ballot count.

#### **Goal 2: Enhance training and development of OLA staff.**

FY 2017 Accomplishments: Each OLA staff member updated their Individual Development Plan (IDP). Each year OLA employees meet with their manager to update or develop a plan to enhance career related skills. To-date in Fiscal Year 2017 OLA staff took classes related to the Freedom of Information Act (FOIA), records management, government ethics, the Railway Labor Act, federal sector personnel law, conflict resolution and employment law.

#### **Goal 3: Enhance outreach opportunities in the legal, labor relations and alternative dispute resolution communities to better inform stakeholders about developments and increase the skills and experience of OLA employees.**

FY 2017 Accomplishments: Members of the Office of Legal Affairs continue to actively participate as panelists and attendees at conferences sponsored by the American Bar Association, American Law Institute, the National Association of Railroad Referees and the Association of Labor Relations Agencies. This year OLA attorneys gave presentations on the Railway Labor Act; Ethics, recent RLA case developments, and remedies under the RLA. OLA continued to participate in intra-governmental initiatives with other federal agencies such as the Department of Transportation, Federal Labor Relations Authority, Department of Labor, National Labor Relations Board, and the Federal Mediation and Conciliation Service. OLA attorneys serve as both Senior Editors and Contributing Editors of the Railway Labor Act treatise published by the Bloomberg/BNA and this year completed the fourth edition of this treatise.

**Goal 4: OLA staff provides prompt and efficient assistance to Presidential Emergency Boards.**

FY 2017 Accomplishments: All OLA staff members are trained on Emergency Board Procedures. OLA maintained continuous industry and agency communication at a level that provided for early preparation for potential Presidential Emergency Boards.

**Goal 5: OLA maintains concise, relevant reference materials that are readily available to the public and which reduce the number of man-hours used to research and respond to inquiries.**

FY 2017 Accomplishments: OLA conducts semi-annual reviews of the Representation Manual and web site, updating where appropriate. In FY 2017, OLA engaged in rulemaking on this topic and issued new FOIA regulations. The regulations include rules on the "Proactive Disclosure of Materials" and include the publication of frequently requested materials on the NMB's website.

**Goal 6: Expand the use of technology to further streamline and reduce costs in representation and interference investigations.**

FY 2017 Accomplishments: OLA continued to investigate use of voice recognition software and other cost and time saving mechanisms in taking employee statements during interference investigations and drafting representation determinations.

## **Office of Arbitration Services**

Funding (in thousands) and FTE			
FY 2018 Estimated		FY 2019 Request	
\$	FTE	\$	FTE
1,629	6	1,629	6

### ***Overview of Arbitration for Fiscal Year 2017 and Fiscal Year 2018***

The RLA provides for both grievance and interest arbitration. Access to grievance arbitration, involving the interpretation or application of an existing collective bargaining agreement, is mandatory under the RLA. The Board has significant administrative responsibilities for the three sources of grievance arbitration in the railroad industry. These sources are the National Railroad Adjustment Board established under the RLA, as well as the arbitration panels established directly by the labor-management parties at each railroad (Public Law Boards and Special Boards of Adjustment). Grievance arbitration in the airline industry is accomplished at the various System Boards of Adjustment created jointly by labor and management at the parties' expense. The Board furnishes panels of prospective arbitrators for the parties' selection in both the airline and railroad industries.

However, in most instances in the railroad industry, the parties agree to allow the NMB to directly appoint an arbitrator. The NMB has substantial financial responsibilities for railroad arbitration proceedings in that it pays the fees and travel expenses of the arbitrators. Arbitration decisions under the RLA are final and binding with very limited grounds for judicial review.

Interest arbitration is a process used to establish the terms of a new or modified collective bargaining agreement through arbitration, rather than through negotiations. Although the RLA provides an effective process for interest arbitration, its use is not statutorily required. The NMB offers the parties the opportunity to use interest arbitration when the Board has determined that further mediation efforts will be unsuccessful. In addition, the parties may directly agree to resolve their collective bargaining dispute or portions of their dispute through interest arbitration. The NMB generally provides the parties with panels of potential arbitrators from which they select the individual to resolve the dispute. In some instances, the parties' agreement to arbitrate allows the NMB to directly appoint an arbitrator. The interest arbitration decision is final and binding with very narrow grounds for a judicial appeal.



## **GRIEVANCE ARBITRATION CASELOAD**

A chart reflecting the actual case numbers for FY 2017, estimated numbers for FY 2018, and the five-year average, (FY 2013-2017), follows:

	FY 2017 Actual	FY 2018 Estimate	FY 2013 - FY 2017 Five year Average
Cases Pending at Start	7,455	8,546	4,898
Cases Docketed	4,148	4,721	4,721
Cases Closed	3,057	3,310	3,320
Cases Pending at End	8,546	9,957	6,299

### ***Arbitration Highlights***

The Office of Arbitration Services directed its attention to promoting a more efficient Section III process, thereby fostering faster resolution of minor disputes (grievances). The NMB made a well-received move in this regard during FY 2017 by targeting the backlog of grievance arbitration cases for resolution using alternative methods such as grievance mediation. The Office of Arbitration Services was successful in increasing the number of arbitrators available to hear and decide cases and introducing more technology to the administrative processing of cases with its arbitrators. It is estimated that there will be 9,957 cases pending at the end of FY 2018 compared to an 8,546 cases pending at the end of FY 2017. This will result in an increase of 1,411 cases. The increase is attributed to the filing of more grievances concerning the applicability of certain provisions of the agreement covering the Class I freight railroads.

The NMB Arbitration program continued its efforts to modernize the processing of minor disputes. The agency improved its already successful program of using the NMB website as a source for many of the forms and documents needed by arbitrators and the parties. The agency added a section on grievance mediation to the arbitration menu on the website. The section provides information on grievance mediation as well as online courses on the National Mediation Board.

The Office of Arbitration Services conducted a pilot project with the National Railroad Adjustment Board using a cloud based system to upload documents and process cases.

During FY 2017, the NMB revised the Arbitrators Workspace, which has been in operation for several years. The Arbitrators Workspace is a web based information system which gives arbitrators online access to their case information. This system is used by the arbitrators to request work and submit requests for compensation for work. The Arbitrators Workspace replaced numerous hard-copy forms.

Arbitrators are able to use the AWS to schedule their work on the cases. The agency added this fiscal year a section which provides update information and tips on the AWS system. An updated Arbitrator Work Space System User Guide was created and placed on the NMB website. Arbitrators now used the AWS to seek compensation for work performed.

This fiscal year, the agency placed NRAB Division Awards templates on the website to assist the arbitrators in performing their duties as neutrals. This will ensure consistency in awards.

The revised Arbitrators' Workspace now closes cases quicker and shortens the time for the adding of cases. The level of grievance activity handled through the NMB Arbitration program in FY 2017 exceeded its level when compared to the activity in FY 2016. During FY 2017, the parties brought 4,148 new cases to arbitration compared to 4,754 cases in FY 2016. In FY 2017, 3,057 cases were closed compared to 3,562 in FY 2016, leaving 8,546 cases pending at the end of FY 2017.

On several occasions during the fiscal year, the Agency met with representatives from the labor organizations and carriers to review its caseload. Carriers included Canadian National Railroad, Norfolk Southern Corporation, Union Pacific Railroad, Burlington Northern Santa Fe, Kansas City Southern Railway, and CSX Transportation. The NMB also met with carriers engaged in the transportation of passengers such as Amtrak, Metro North Railroad, SEPTA, New Jersey Transit, and Metra. The Office of Arbitration Services met with all of the labor organizations representing employees in the railroad industry. During this fiscal year, the Office of Arbitration Services met with various groups of arbitrators who hear and decide cases in the railroad industry. NMB efforts have been directed to facilitating a more efficient Section III process under the RLA, thereby reducing the backlog and furthering the RLA objective of prompt resolution of minor disputes.

The NMB continued its efforts designed to improve the arbitration of grievances under Section III of the Railway Labor Act. The Board had five ambitious goals for this transformation: (1) to ensure that the parties receive timely and outstanding arbitration services from the Board's staff and its contract arbitrators; (2) to ensure that the Board uses e-business capabilities to the maximum extent possible; (3) to ensure that Board procedures are improved through a process involving public input; (4) to ensure that arbitrators schedule, hear, and decide cases in a timely manner; and (5) to ensure that NMB resources are used wisely and in accordance with Federal regulations and sound accounting practices.

## **ANNUAL CASE AUDIT**

In June 2017, the NMB conducted an intensive audit of all pending cases before Public Law boards and Special Boards of Adjustment. The Agency provided the Class-I freight railroads, commuter railroads, regional railroads and all labor organizations representing railroad employees with a list of cases pending on these boards. The feedback from the audit enhanced the accuracy of the NMB case management system.

## **ALTERNATIVE DISPUTE RESOLUTION IN THE RAILROAD INDUSTRY**

The NMB actively promoted grievance mediation as an alternative means of dealing with grievances in the railroad industry by reaching out to the largest Class-I freight carriers and the labor organizations. During FY 2017, Arbitration Services made presentations at a meeting of Class-I freight railroads and the labor organizations. The NMB also met with individual carriers to promote grievance mediation. The NMB anticipates continuing and in some instances expanding upon these initiatives during FY 2018. The NMB had several grievance mediation cases with carriers in the railroad industry during 2017.

## **ARBITRATOR PRODUCTIVITY**

The NMB continued its efforts to increase arbitrator productivity as a result of strict adherence to the three month rule. Arbitrators who have not issued a decision within three months of a hearing are contacted monthly and encouraged to issue those decisions.

The Agency improved its already successful program of using the NMB website as a source for many of the forms and documents needed by arbitrators and the parties. The NMB used the website to keep the parties and the public informed regarding Section III activities. Arbitrators, parties, and the public use the website to obtain information and forms instantaneously. In FY 2017, the agency posted additional information on the AWS System on the NMB website. The Arbitrator Caseload Report was improved. The report shows by arbitrator, grievance cases of railroad employees the parties have chosen to pursue. It also indicates whether a case is late (i.e., a decision has not been rendered within 3 months of when a case was heard by the arbitrator). The Arbitrator Caseload Report is real-time in that it has a direct link to an NMB database reflecting updates as they are made by Arbitration Services staff. The availability of information on the website reduces the staff time which ordinarily would be required to respond to questions and requests. The NMB has also placed an NMB National Railroad Adjustment Board Open Case Report on the website. This report lists all of the open cases at the NRAB. With this report and the Arbitrators Caseload Report, the NMB's entire Section III caseload is on the NMB website ([www.nmb.gov](http://www.nmb.gov)).

## **ESTABLISHMENT OF THE 60 DAY AND 120 DAY RULE**

During this fiscal year, the NMB revised its AWS to include the procedures to expedite the processing of cases. When a case is assigned to an arbitrator, within 60 days the case must have been decided and the award submitted or the case heard by an arbitrator or the case must have been scheduled for a hearing. If the case is scheduled for a hearing, the scheduled date must be within 120 days of the date of assignment. Once the case has been heard, the arbitrator must render the award within 90 days of the hearing. At the start of FY 2017, this rule was made a part of the NMB's contractual arrangement with railroad arbitrators.

## **KNOWLEDGE STORE**

The NMB further expanded its use of technology at the NRAB. All NRAB awards are entered into the Knowledge Store at the same time that they are distributed to the parties. Parties have been trained to enter awards into the Knowledge Store. In some instances, valid awards are entered within 24 hours of completion.

## **ARBITRATION INFO SERIES**

During FY 2017, the Office of Arbitration Services continued its info series on Arbitration and Section 3 topics. Using the NMB's Lyceum, the NMB posted several information film segments on various topics and issues in arbitration under the Railway Labor Act. During FY 2017, the NMB expanded its info series to include written articles by prominent individuals. This series was commenced with a primer by a railroad arbitrator on the topic of analyzing the Railway Labor Act discipline cases.

### ***Forecast for FY 2018, FY 2019, and Beyond***

The NMB projects that the number of cases pending at the end of FY 2018 and FY 2019 will increase. The estimated cases for FY 2018 and FY 2019 are based on a projection using the current caseload. The forecasts for FY 2018 and FY 2019 are driven by two assumptions: that the number of newly docketed cases will be 4,721, which is the five year average for new cases; and, that the number of closed cases will be 3,320, the five year average for closed cases.

The following chart reflects the actual case numbers and estimated case numbers for FY 2017, FY 2018 and FY 2019:

	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated (based on 5 year average)
Cases Pending at Start	7,455	8,546	9,947
Cases Docketed	4,148	4,721	4,721
Cases Closed	3,057	3,320	3,320
Cases Pending at End	8,546	9,947	11,348

## **FY 2019 Arbitration Performance Goals**

### **Arbitration Strategic Plan**

To facilitate the settlement of disputes arising from the implementation or interpretation of existing agreements covering rates of pay, work rules, and working conditions.

#### **Goal 1: Arbitration will provide outstanding service delivery to internal and external customers.**

FY 2017 Accomplishment: An audit was conducted of the administrative caseload processes, and procedures governing public law boards and system boards of adjustments were reviewed with the goal of streamlining. Procedures at the NRAB were also reviewed. Electronic processing of cases was introduced at the NRAB resulting in a change by the NRAB in its procedures for processing cases. Grievance mediation/arbitration was introduced to successfully resolve several cases at the NRAB.

#### **Goal 2: To engage in active roster development for the contract arbitrators serving the airline and railroad industries.**

FY 2017 Accomplishment: NMB worked with the outside professional associations to increase the diversity of its applicants for the NMB's Arbitrators Roster. NMB participated in an arbitrator training program with a major organization representing diverse arbitrators to introduce more arbitrators to railroad and airline arbitration

#### **Goal 3: The Office of Arbitration Services will be a center of innovation in the resolution of "minor" disputes.**

FY 2017 Accomplishment: The NMB met with the Arbitration Forum several times during FY 2017 to discuss innovation to improve the program. NMB also continued its review of all grievance mediation cases. The NMB met with labor and carrier representatives at the NRAB to implement the electronic processing of cases at the NRAB.

## **Office of Administration**

Funding (in thousands) and FTE			
FY 2018 Estimated		FY 2019 Request	
\$	FTE	\$	FTE
1,105	7	1,105	7

\*The amounts listed above includes the total cost for the Office of the Board,  
Office of Mediation and ADR Service and Office of Administration.

### ***Overview of Administration for Fiscal Year 2017 and Fiscal Year 2018***

The Office of Administration (OA) provides operational management, leadership and support for the entire agency. These services include: budgeting; accounting and finance; human resources management; procurement and contracting; telecommunications; property and space management; and office support.

### ***Highlights of Administration during Fiscal Year 2017***

#### **HUMAN CAPITAL**

OA continues to utilize online services in the personnel arena, which increased the efficiency and effectiveness, and the results of which can be seen in the agency hiring process. For internal postings, the NMB routinely completes the hiring process within 30 days. In cases involving delegated examining positions, the NMB continues to show movement toward the 80 day standard process. The NMB continues to use the E-verify system to ensure that all new appointees are eligible to work.

With the aging workforce at the NMB, succession planning continues to be a challenge, but the agency's new Succession and Workforce Plan analyzes the NMB's future staffing requirements and sets forth strategies for adequately recruiting, promoting, and retaining employees. Training plans, both through the Individual Development Plan's (IDP) and the department training plans, stress career development, including details and shadow assignments as a way to broaden skills and prepare for job transitions. The agency uses internal details when possible to broaden skills and give staff exposure to a range of work possibilities within the agency.

The NMB has devoted more attention and resources to training and has provided meaningful training programs opportunity for our employees. The NMB continues to provide subscriptions to Manager Advantage for the supervisor and managers.

Manager Advantage is online information service for managers and supervisors. The information is based on case law, statutes and regulations. It provides extensive federal policy and guidance for managers and supervisors. This information is obtained by LRP's experienced attorney editors and senior editorial staff who have gathered and then converted into the information easy-to-understand major categories, key topics, scenario-based videos and more. Manager Advantage breaks down the complexities of federal civil service law to provide managers with practical authoritative guidance in easy-to-understand terms while also is providing essential tools for developing necessary leadership and managerial skills from one definitive source. OA is working with the Office of Personnel Management and the Department of Interior to improve the NMB's human capital operations and payroll. This will continue the NMB's objective of providing all its services electronically. In April 2017, OA provided all NMB managers and supervisors Telework Fundamentals-Managers Training. Also, OA provided Telework Fundamentals-Employee training to all NMB employees.

### **INFORMATION TECHNOLOGY**

In accordance with the NMB's Capital Plan, the NMB reviewed options for its information technology equipment while taking steps to move completely into cloud computing. The NMB has implemented the transition to Google Mail, Google Drive and Google Calendar for all employees, with all records and documents stored and retrieved from secure cloud servers. This has resulted in the elimination of on-site servers, with the attendant savings in replacement and maintenance costs, and a reduced cost for network consulting services. The NMB also has moved the NMB's Corporate Memory and Knowledge Store to a cloud platform consistent with government requirements.

Federal Agencies are required to provide annual computer security awareness training for employees and contractors. Security awareness efforts are designed to change behavior or reinforce good security practices by focusing attention on security. In September 2017, the NMB kicked off its Cyber Awareness Challenge security training using a web-based training offered by the Department of Defense.

### **CONTINUITY OF OPERATIONS**

The NMB participated in FEMA's Eagle Horizon 2017 (EH 2017), which was conducted as part of the National Exercise Program (NEP) Capstone Exercise on June 19-23, 2017. It was a one-day, internally-evaluated table top exercise to test the Federal Executive Branch Departments and Agencies' readiness and capabilities to execute their continuity program.

The NMB was required to activate its continuity plan, deploy continuity personnel to a continuity site, and perform essential functions. At the conclusion of EH 2017, participants, planners, and evaluation teams noted their observations and identified critical issues associated with the agency's continuity plans and programs. The NMB's overall rating for the EH 2017 was "green." This was NMB's second overall "green".

## **FINANCIAL PERFORMANCE**

The NMB has continued the agreement with the Bureau of Fiscal Services (BFS) for financial management services. This agreement affords the NMB with the ability to have at our fingertips up-to-date financial information that can be used to make efficient financial decisions. The OA provides budget planning, budget development, and oversight of budget execution. In addition, OA is responsible for the maintenance of the Agency's core accounting system; financial reporting to the Office of Management and Budget (OMB) and Treasury; payments to vendors for goods and services received; issuing bills; and the preparation of the Agency's financial statements which are audited on an annual basis. The NMB continues to work with an outside firm (Allmond & Company) to audit its financial statements. For the 20<sup>th</sup> consecutive year, Allmond & Company reported that the financial statements were presented fairly, in all material respects, and in conformity with U.S. generally accepted accounting principles (GAAP) for Federal Agencies. In the FY 2017 independent audit, the NMB has received an "Unmodified Audit Opinion" on its financial statements. Along with the "Unmodified Audit Opinion," the report of independent auditors found "No Material Weaknesses or Significant Deficiencies" in the design and operation of the agency's system of internal controls over financial reporting.

The audit opinion reflects a financial operation that meets U.S. Department of the Treasury guidance, the Office of Management and Budget (OMB) guidance, federal financial regulations, and generally accepted accounting principles.

## **PROCUREMENT**

With the continued partnership with BFS, the NMB utilizes PRISM to electronically create requisitions, purchase orders, and inter-agency agreements. This system, along with new processes and procedures, is ensuring that the NMB complies with all applicable rules and regulations governing contracting.

In Fiscal Year 2017, there were improvements substantially exceeding the Small Business Administration's Government-wide goal to ensure that small businesses get their fair share of work with the federal government by awarding the following entities:

- Small Business Goal 23 percent – Actual awards 72.75 percent;
- Small Disadvantage Business Goal 5 percent – Actual awards 57.10 percent;
- Small-Disabled Veteran-Owned Small Business Goal 3 percent – Actual awards 57.10 percent;
- Women-Owned Business Goal 5 percent – Actual awards 7.93 percent; and
- Historically Underutilized Business Zones Goal 3 percent – Actual awards 6.42 percent

In June 2017, BFS conducted an annual Government Purchase card audit review on the purchase card holder's transactions. BFS's results concluded that the purchases were well documented and necessary for the completion of NMB's mission.



## **TRAVEL**

The NMB currently uses the Concur Government Edition (CGE) Travel Services. CGE is an electronic online system which reduces the per-ticket cost for travelers. This system provides an electronic process for authorization, vouchers, and reimbursement. The NMB continued its agreement with Duluth Travel Inc., to serve as the agency's Travel Management Company. In April 2017, OA provided all NMB employees with the following General Service Administration (GSA) travel training course:

- Travel Basics 101
- Approving Official Responsibilities
- Attending A Conference 100
- FTR In-Depth

OA continues to provide all NMB travelers with the Government Credit Card Refresher Training to ensure that agency meets the refresher training required by the Office of Management and Budget (OMB) in Circular A-123, Appendix B.

## **ELECTRONIC GOVERNMENT**

The NMB provides electronic access to all its policies, and the agency continues to use the NMB website to provide information to its internal and external customers. The website provides access to our internal customers by allowing them to access NMB internal forms, the Knowledge Store (providing current and historical information to the public and our external customers), and the NMB Lyceum.

## **NMB CORPORATE MEMORY**

The NMB continues to refine its records and document management programs, improving the search engine and further integrating the records database with the agency case management system.

## **NMB KNOWLEDGE STORE**

NMB staff continued to build and improve the public archive of information available through the NMB Knowledge Store. Currently, the NMB Knowledge Store contains over 100,000 documents in an easily searchable format, including arbitration awards, representation decisions, annual reports, PEB reports, and collective bargaining contracts. During FY 2017, the NMB completed development of a new Knowledge Store interface that speeds recovery of documents, improves the search engine, makes it possible for parties to engage in "direct deposit" of new cases, and frees the data to reside in the new cloud environment created by the agency.

## **SUSTAINABILITY**

The National Mediation Board is committed to reducing greenhouse gases in accordance with Executive Order 13514 (E.O.). During 2017, 63 percent of the NMB

employees regularly used public transportation. The Agency provides Alternative Work Schedules (AWS) and Telework programs to its employees to reduce the number of commuters. Currently, 24 out of 34 employees participate in the Smart Benefits program for public transportation. We also purchased new environmentally efficient copiers that generate 90 percent less waste than traditional copiers.

## **FY 2019 Administration Performance Goals**

### **Administration Strategic Goal**

To support the program missions of the agency and provide outstanding

#### **Goal 1: Provide outstanding service delivery to internal and external customers.**

FY 2017 Accomplishments: The Office of Administration responded to all requests for assistance or service from internal and external customers as soon as received. In addition, new Employee Orientation training was completed for each new employee.

#### **Goal 2: Provide timely, efficient and responsible stewardship of the NMB's fiscal resources.**

FY 2017 Accomplishments: The NMB worked with BFS to ensure that required financial reporting is prepared and submitted timely. The NMB worked with BFS to ensure that 99.1% of payments were paid timely and accurately.

#### **Goal 3: Ensure agency spending and budgets are transparent and provide the necessary support for each of the agency's missions throughout the whole fiscal year.**

FY 2017 Accomplishments: The NMB has an agreement with BFS to handle the agency's financial management system, and the agency integrated PRISM (a web-based procurement system) into its procurement process. The NMB works with the BFS on a regular basis to ensure that the agency's quarterly apportionment is not exceeded.

#### **Goal 4: Improve agency efficiency and public communications through cost effective information and communications technology improvements, including implementing Enterprise Architecture (design, secure and document) the emerging cloud, mobile, and other mechanisms.**

FY 2017 Accomplishments: The NMB completed its transition into the cloud environment for e-mail, calendars, contacts, and records. With this change, the NMB eliminated the majority of its in-house servers and made possible a revision and reduction in price of its network support contract.

#### **Goal 5: Continue to ensure that NMB Information is secure while maintaining a government-leading information and communication technology system.**

FY 2017 Accomplishments: The NMB ensures that all information that contains Private Personnel Information (PPI) is password protected when transmitted electronically.