

**FISCAL YEAR 2016
CONGRESSIONAL BUDGET SUBMISSION**



TABLE OF CONTENTS

EXECUTIVE SUMMARY FROM THE CHAIRMAN.....	2
APPROPRIATION LANGUAGE	3
APPROPRIATION HISTORY.....	4
SUMMARY OVERVIEW	6
PROGRAM AND FINANCING SCHEDULE.....	7
PERSONNEL SUMMARY	8
OBJECT CLASSIFICATION.....	9
DETAILED EXPLANATION OF CHANGES.....	10
MISSION STATEMENT.....	14
OFFICE OF THE BOARD.....	15
OFFICE OF MEDIATION & ADR SERVICES.....	16
MEDIATION & ADR PERFORMANCE GOALS.....	21
PRESIDENTIAL EMERGENCY BOARD.....	22
OFFICE OF LEGAL AFFAIRS/REPRESENTATION.....	27
REPRESENTATION PERFORMANCE GOALS.....	33
OFFICE OF ARBITRATION SERVICES.....	35
ARBITRATION PERFORMANCE GOALS.....	40
OFFICE OF ADMINISTRATION.....	41
OFFICE OF ADMINISTRATION PERFORMANCE GOALS.....	44

EXECUTIVE SUMMARY

The National Mediation Board (NMB) presents its justification supporting the Fiscal Year (FY) 2016 budget request of \$13,230,000. The agency believes this requested level is necessary for the Board to operate efficiently while not impeding the ability to successfully accomplish its statutory mission.

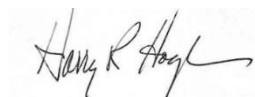
The NMB has undertaken a detailed review of its operations to determine areas that can be further consolidated and improved. With the recent Administration guidance regarding moving of information technology processes to the cloud and reducing the amount of equipment provided to staff, the NMB has been in the vanguard of agencies moving toward a cloud-computing environment. With funding at the requested level, the NMB can and will continue to improve efficiency and delivery of service to parties in the airline and railroad industries. 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 \$9,236,000 for personnel compensation and benefits. This level includes full staffing along with a 1.3 percent pay increase. Included in this amount is \$1,270,000 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 GAO decisions regarding how we must account for the cost of cases once they are assigned to a referee. The remaining \$3,594,000 includes the funds set aside for Presidential Emergency Boards (\$400,000) and all the remaining object classifications for NMB operations.

During 2014, the NMB's Office of Administration transitioned to the Federal Personnel and Payroll System (FPPS) and Personnel Security services under an inter-agency agreement with the Department of Interior's Interior Business Center (IBC). Beginning on October 1, 2014 (the beginning of fiscal year 2015), the National Mediation Board began a transition to a new, cloud-based Mediation and ADR case tracking and management system. That transition is still in progress, with older cases being added to the system as the accuracy of information about those cases in the old system is audited. A full audit of the new system will be completed as soon as the transition is accomplished, and the case numbers reported in this document may be adjusted slightly to reflect the results of that audit.

The Board continues to see an increase in demand for its services, and with the anticipation of continued funding constraints, the agency is striving to find innovations to provide exceptional service to our external and internal customers.

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,



Harry R. Hoglander
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 [*\$13,227,000*] *\$13,230,000*. (Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2015).

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			

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.

SUMMARY OVERVIEW

National Mediation Board

The National Mediation Board requests \$13,230,000 for its total program for FY 2016 to continue its efforts to perform the statutory mandate of 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 2015 Request Level	\$13,227,000
Compensation and Benefits Increases	65,000
Rental Increase	5,000
Other Current Service Level Changes	(67,000)
Fiscal Year 2016 Request Level	<u>\$13,230,000</u>

Personnel Summary

FY 2014 Actual – FTE	42
<i>(Attorney, Receptionist, Budget Officer, Program Support Specialist, Public Affairs Officer, Executive Assistant and Mediator vacancies (3))</i>	
FY 2015 Estimated – FTE	51
<i>(Attorney, Receptionist, Budget Officer, Program Support Specialist, Public Affairs Officer, Executive Assistant and Mediator vacancies (3))</i>	
FY 2016 Estimated - FTE	51

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

Identification Code 95-2400-0-1-505	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
-------------------------------------	-------------------	----------------------	----------------------

Obligations by Program Activities:

0001 Mediation Services	7,745	7,765	7,789
0002 Representation Services	2,537	2,661	2,771
0003 Arbitration Services	1,862	2,401	2,270
0004 Emergency Disputes	279	400	400
1000 Total obligations	12,423	13,227	13,230

Budgetary Resources Available for Obligation:

2200 New budget authority (gross)	13,116	13,227	13,230
2395 New obligations	(12,934)	(13,227)	(13,230)
2398 Unobligated balance expiring	(0)	(0)	(0)

New Budget Authority (Gross), Detail:

4000 Appropriation	13,116	13,227	13,230
4033 Appropriation permanently reduced	0	0	0
4300 Appropriation (total discretionary)	13,116	13,227	13,230

Change in Obligated Balances:

7240 Obligated balance: start of year	1,697	1,944	1,934
7310 Total new obligations	12,934	12,279	12,296
7320 Total outlays (gross) (-)	(13,116)	(13,227)	(13,230)
7340 Adjustments in expired accounts	0	0	0
7440 Obligated balance: end of year	2,705	1,645	1,765

Net Budget Authority and Outlays:

8900 Budget Authority (net)	13,116	12,279	12,296
9000 Outlays (net)	11,640	13,227	13,230

National Mediation Board
Personnel Summary

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Total Number of Full Time Permanent Positions	51	51	51
Full Time Equivalent			
Full Time Permanent	36	45	45
Other	6	6	6
Total Employment, end of year (FTE)	42	51	51
Average GS Grade	13.05	13.05	12.77
Average GS Salary	\$107,231	\$108,438	\$113,011
Average Salary of Senior Executive Service Positions	\$161,253	\$162,866	\$165,101
Average Salary of Executive Level Positions			
Level 3, Chairman	\$165,300	\$165,300	\$165,300
Level 4, Board Members	\$158,767	\$158,767	\$158,767

National Mediation Board
Object Classification
(In Thousands of Dollars)

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Personnel Compensation:			
Full-time Permanent	5,053	6,000	6,058
Special personnel services payments	1,509	1,270	1,270
Total Personnel Compensation	6,562	7,270	7,328
Civilian Benefits	1,846	1,901	1,908
Benefits for Former Personnel	0	0	0
Travel & Transportation of Persons	723	730	730
Transportation of Things	8	2	2
Rental Payments to GSA	1,345	1,350	1,355
Communications, Utilities, & Misc. Charges	251	195	170
Printing & Reproduction	4	4	2
Other Services	1,701	1,210	1,200
Supplies and Materials	137	100	75
Equipment	63	65	60
Subtotal Obligations	12,640	12,827	12,830
PEB Obligations	294	400	400
Total Obligations	12,935	13,227	13,230

**DETAILED EXPLANATION OF CHANGES
BY OBJECT CLASS FOR FISCAL YEAR 2016**

National Mediation Board
(In Thousands of Dollars)

Increases and Decreases for Current Services and Request Level

FY '15	FY '16	Net Change
	<u>Personnel Compensation and Benefits</u>	
\$9,171	\$9,236	\$65

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 \$9,236 funds the three program areas: (1) Mediation, which includes 35 career staff across the offices of the Board, Administration, Mediation/ADR services (\$4,385); (2) Representation, which includes the General Counsel, 6 Attorneys and 3 support staff (\$2,004); and (3) Arbitration, which includes 6 career staff and the salary compensation for the arbitration referees (\$2,847).

DETAILED EXPLANATION OF CHANGES
BY OBJECT CLASS FOR FISCAL YEAR 2016

National Mediation Board
(In Thousands of Dollars)

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

FY '15	FY '16	Net Change
\$730	\$730	\$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
-----	-----	-----

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

Rental Payments to GSA (Rent)

\$1,350	\$1,355	\$5
---------	---------	-----

This category covers the amount paid to the General Services Administration (GSA) to lease its office space in Washington, D.C. The increase is based upon the estimates received by GSA.

Rent, Communications, and Utilities (RCU)

\$195	\$170	(\$25)
-------	-------	--------

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 2016

National Mediation Board
(In Thousands of Dollars)

Increases for Current Services and Request Level

FY '15	FY '16		Net Change
		<u>Printing and Reproduction</u>	
\$4	\$2	This category covers printing, reproduction, binding and related composition operations of the Board.	(\$2)
		<u>Other Services</u>	
\$1,210	\$1,200	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, human resources, information technology and records management activities, which are outsourced. In addition, the cost of leasing the office space in Chicago for the National Railroad Adjustment Board is in this category.	(\$10)

DETAILED EXPLANATION OF CHANGES
BY OBJECT CLASS FOR FISCAL YEAR 2016

National Mediation Board
(In Thousands of Dollars)

Increases for Current Services and Request Level

FY '15	FY '16	Net Change
--------	--------	------------

Supplies and Materials

\$100	\$75		(\$25)
-------	------	--	--------

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

Equipment

\$65	\$60		(\$5)
------	------	--	-------

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
-------	-------	--	-----

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.

\$13,227 \$13,230 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; 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 2015 Estimate		FY 2016 Estimate	
\$	FTE	\$	FTE
1,561	14	1,646	14

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

The three 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 that they may engage in self-help. If the Board determines that a labor dispute potentially threatens interstate commerce, the Members are responsible for notifying the President. The Members also are responsible for certifying the results of representation elections, and are responsible for all representation policy decisions, including, but not limited to, jurisdiction, merger issues, system and craft or class issues, and election interference. The 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 Alternative Dispute Resolution 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 2015 Estimate		FY 2016 Estimate	
\$	FTE	\$	FTE
2,469	17	2,614	17

*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 2014

The RLA requires labor and management to make 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 bargaining between the parties must commence promptly and continue in an effort to conclude a new collective bargaining agreement, or narrow their differences before applying for mediation with the NMB. Should the parties fail to reach agreement during direct negotiations, either party, or the parties jointly, may apply to the Board for mediation. Following receipt of an application, the NMB promptly assigns a mediator to assist the parties in reaching an agreement. The Board is obligated under the Act to use its "best efforts" to bring about a peaceful resolution of the dispute. The NMB mediators apply a variety of dispute resolution techniques, including traditional mediation, interest-based problem solving, and facilitation.

If, after such efforts, the Board determines that mediation will fail to settle the dispute, the NMB may advise the parties and offer interest arbitration as an alternative approach to resolving the remaining issues. If either party rejects this offer of arbitration, the Board may release the parties from formal mediation. This release triggers a thirty-day cooling off period. During this thirty-day period, the Board will continue to work with the parties to achieve a peaceful solution to the dispute. However, if an agreement is not reached by the end of the thirty-day period, the parties are free to exercise lawful self-help. Examples of lawful self-help include carrier-imposed working conditions or a strike by the organization.

Under the RLA, the Board notifies the President of the United States when a dispute, in the Board's opinion, threatens "substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation services." The President may then establish a Presidential

Emergency Board (PEB) to investigate and report on the dispute. A PEB may also be requested by any party involved in a dispute affecting a publicly funded and operated commuter railroad. The President appoints the members of the PEB. While either of these emergency board processes is in progress, neither party to the dispute may exercise self-help.

In addition to traditional mediation services, the NMB also provides Alternative Dispute Resolution (ADR) services. ADR services include facilitation, training, and grievance mediation. The purpose of the Board’s ADR program is to assist the parties in learning and applying more effective, less confrontational methods for resolving their disputes. Another goal is to help the parties resolve more of their own disputes without outside intervention. The Board believes that, over time, its ADR services will reduce and narrow the disputes which the parties bring to mediation.

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 flow-chart of mediation procedures can be found in the Mediation section of the NMB website at <http://www.nmb.gov/documents/mediation/collbarg2.pdf>

A chart reflecting the actual Mediation case numbers for FY 2013, FY 2014, and the five-year average, FY 2010 - 2014 follows:

MEDIATION CASES	FY 2013 Actual	FY 2014 Actual	FY 2010 - FY 2014 Five Year Average
Cases Pending Start	98	100	89.4
Cases Docketed	38	44	45.20
Cases Closed	36	55	42.20
Cases Pending End	100	89	92.4

Overview of ADR Services for Fiscal Year 2014

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 Online Dispute Resolution (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 http://www.nmb.gov/documents/forms/form_nmb-9.pdf.

A chart reflecting the actual ADR case numbers for FY 2013, FY 2014, and the five-year average, FY 2010 - 2014 follows:

ADR CASES	FY 2013 Actual	FY 2014 Actual	FY 2010 - FY 2014 Five Year Average
Cases Pending Start	26	30	24.8
Cases Docketed	40	70	43.2
Cases Closed	36	58	39.4
Cases Pending End	30	42	28.6

Highlights of Mediation Fiscal Year 2014

FY 2014 was a busy year for the Office of Mediation Services (OMS) and ADR. There were several tentative agreements reached at the legacy carriers including USAirways and International Association of Machinists Aerospace Workers (IAM), United Airlines and IAM, and Alaska Airlines and Association of Flight Attendants (AFA). In addition, OMS was asked to provide facilitation services to the flight attendant groups at United and the new American Airlines as both work groups move towards merged collective bargaining agreements.

The commuter railroads experienced a great deal of activity in FY 2014 as well. There were three PEBs this fiscal year: PEBs 244 and 245 at the Long Island Railroad and PEB 246 at Southeastern Pennsylvania Transportation Authority (SEPTA). There was a one-day strike at SEPTA in June prior to the creation of the Board. In July the parties at Long Island Railroad (LIRR) narrowly averted a strike by reaching agreement within days of the ability to exercise self-help. Ultimately the parties at the LIRR were able to reach agreement and shift their focus from contentious labor relations to serving the travelling public.

At Hawaiian Airlines a mediator is successfully using web-based video technology to facilitate a new collective bargaining agreement with the Clerical, Office, Passenger and Fleet Service, and Stores Employees (COPFS) group. At all of these sessions the parties are in Hawaii and the mediator is facilitating from the DC metro area.

Several significant cases were settled in FY 2014 including United/Professional Airline Flight Control Association (PAFCA), USAirways/IAM, Alaska/IAM, and AMTRAK/Passenger Rail Labor Bargaining Coalition (PRLBC). Commuter rail had several major settlements as well, Northeast Illinois Commuter Rail System

(METRA)/Sheet, Metal, Air, Rail, Transportation (SMART) SEPTA/SMART and SEPTA/International Brotherhood of Electrical Workers (IBEW).

Pending Cases: We continue to work with United and American and their respective flight attendant groups on merged collective bargaining agreements. On the railroad side, the Class I Railroads will start bargaining with their unions in early FY 2015, and we anticipate that our mediators may be involved in that process sometime in the new fiscal year.

Highlights of ADR Services Fiscal Year 2014

Alternative Dispute Resolution (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). During FY 2014, ADR Services continued to offer special training programs and facilitation efforts outside of, and in addition to traditional grievance mediation work.

The use of grievance mediation in the rail sector has helped reduce the case load between the parties for the Arbitration Department, and quickened the resolution of grievances. The promotion of the use of ODR tools and training has increased demands for ADR services such as Online Video Conferencing, and programs in conjunction with the Office of Arbitration including online arbitrations and "submissions only" arbitrations. Additionally, in cooperation with the Dispute Resolution Program at Dominican University, a new Info Series is being developed that video records areas of interest to the railroad industry in conjunction with the Arbitration Department. As each session is completed, it is being uploaded to the NMB's Lyceum (online training site) accessible through the NMB website at <http://www.nmb.gov/services/nmb-lyceum-center/>. The first session interviewed three arbitrators to illustrate what arbitrators recommend to the parties to prepare for a hearing. The cooperation with Dominican University includes the development of mediation and negotiation courses that have become mandatory for new NMB mediators, and offer training opportunities for NMB staff.

Forecast for FY 2015, FY 2016 and Beyond

In any given year, it is difficult to predict which disputes may require the assistance of the NMB. There are a variety of factors that cause some carriers and unions to agree to contract extensions instead of entering into Section 6 negotiations, or parties may reach agreement in direct negotiations and never require NMB assistance. When they do, however, the circumstances of the dispute are often complex and the problems difficult to resolve.

In the airline industry, several key contracts are currently open for negotiation and will likely extend into FY 2015. These contracts include: Federal Express/ALPA, UPS/Independent Pilots Association (IPA), and Southwest/Southwest Airlines Pilots' Association (SWAPA), TWU and IBT. In addition to new cases, there will still be work to be done wrapping several legacy carrier cases at United and American. As

stated earlier, we should also anticipate work in the rail sector in National Handling, as contracts reach their amendable date at the major freight carriers.

The steady rise of open cases reflects well on the vitality of ADR programs; parties to the processes find them useful on a continuing basis, oftentimes meeting several times each year.

The following charts reflect the actual case numbers for FY 2014 and the estimated cases numbers for FY 2015 and FY 2016 for both Mediation and ADR Cases:

MEDIATION CASES	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Cases Pending Start	100	89	104
Cases Docketed	44	54	44
Cases Closed	55	39	50
Cases Pending End	89	104	98

ADR CASES	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Cases Pending Start	30	42	48
Cases Docketed	70	44	47
Cases Closed	58	38	40
Cases Pending End	42	48	55

FY 2016 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 2014 Accomplishments: NMB standards for mediation services were consistently met from the application process through case management, to the conclusion of cases. Mediators utilize, as necessary, techniques that range from those supporting conventional bargaining to innovations in facilitated problem solving in complex, multi-party negotiations.

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

FY 2014 Accomplishment: Through the use of Individual Development Plans (IDP) each mediator participated in training and development that met their individual needs. In addition, training covering industry specific topics was conducted during the bi-monthly mediator meetings. The partnership with Dominican University provided valuable and specialized training for mediators as they developed and delivered courses in the areas of negotiation and mediation.

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

FY 2014 Accomplishment: Mediators continued to refine ADR strategies and techniques that addressed the unique needs of parties in negotiations, especially in the instances of merging carriers and unions in the airline sector. In the rail sector, grievance mediation, using facilitated problem solving methods, laid the groundwork for successful conclusion of sections of a collective bargaining agreement. In another instance, parties have begun using ADR tools to integrate several regional provisions into common language.

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 2014 Accomplishments: Online video conferencing has become the default method of facilitation for the Hawaiian Airlines/COPFS negotiations, bringing together negotiators in Honolulu, HI and a mediator in Washington, DC. In other instances, mediators make effective use of WebEx technology to remotely share language and discuss proposals. Electronic flip charting was effectively used by the parties to reach tentative agreements in complex cases merging multiple agreements, to track changes in language, and to share information.

Presidential Emergency Boards

Overview of Fiscal Year 2014

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 2013, FY 2014 and the five-year average, FY 2010-2014 follows:

	FY 2013 Actual	FY 2014 Actual	FY 2010-FY 2014 Five Year Average
Emergency Board Sec. 160	0	0	.4
Emergency Board Sec. 159A	0	3	.2

Highlights of Fiscal Year 2014

Three PEBs were established during fiscal year 2014. All three PEBs involved the special, multi-step emergency procedures for unresolved collective-bargaining disputes affecting employees on publicly funded and operated commuter railroads. PEBs 244 and 245 were established under Section 9(a) to resolve a dispute between the Long Island Railroad (LIRR) and certain of its employees. PEB 246 was also established under Section 9(a) to resolve a dispute involving the Southeastern Pennsylvania Transportation Authority (SEPTA) and certain of its employees.

Presidential Emergency Board 244. In May 2010, pursuant to Section 6 of the RLA, the LIRR served on the Organizations¹ formal notices for changes in current rates of pay, rules, and working conditions. The parties were unable to resolve the issues in dispute in direct negotiations. Applications were filed with the NMB by the BRS, IRSA, IAM, NCFO, and IBEW in September and October 2010, by TCU and UTU in August and September 2011, and by SMART in March 2013.

Following the applications for mediation, representatives of all parties worked with the NMB mediators and with Board Members of the NMB in an effort to reach agreements. Various proposals for settlement were discussed, considered, and rejected. On October 18, 2013, the NMB, in accordance with Section 5, First, of the RLA, urged the LIRR and the Organizations to enter into agreements to submit their collective bargaining disputes to arbitration as provided in Section 8 of the RLA ("proffer of arbitration"). On October 18, 21, and 22, 2013, the Organizations individually declined the NMB's proffer of arbitration, and on October 22, 2013, the LIRR also declined the NMB's proffer of arbitration.

On October 22, 2013, the NMB served notices that statutory mediation had been terminated under the provisions of Section 5, First, of the RLA. Accordingly, self-help became available at 12:01 a.m., Eastern Standard Time, on Friday, November 22, 2013.

¹ Brotherhood of Railroad Signalmen ("BRS") represents Signal and Communication Workers; Independent Railway Supervisors Association International ("IRSA") represents Gang Foremen; International Association of Machinists & Aerospace Workers ("IAMAW") represents Machinists; International Brotherhood of Electrical Workers ("IBEW") represents Electrical Workers; National Conference of Firemen & Oilers/Service Employees International Union ("NCFO") represents Laborers; Transportation Communications International Union ("TCU") represents Clerks, Dispatchers, Block Operators, and "Exception 5" Employees; and International Association of Sheet Metal, Air, Rail, and Transportation Workers ("SMART") represents Trainmen, Maintenance of Way Employees, Maintenance of Way Supervisors, Carmen, Special Service Attendants, and Sheet Metal Workers.

Following termination of mediation services, on November 18, 2013, in accordance with Section 9a of the RLA, the LIRR requested that President Obama establish an Emergency Board to investigate and issue a report and recommendations regarding the dispute. Section 9a(c)(1) of the RLA, in setting forth special procedures for commuter service, provides that any party to a dispute that is not adjusted under the other procedures of the RLA, or Governor of the State through which the service that is subject to dispute is operated, may request the President to establish an Emergency Board. Thereafter, on November 21, 2013, the President issued an Executive Order. Effective 12:01a.m., Eastern Standard Time, November 22, 2013, the Executive Order created Presidential Emergency Board 244 to investigate and report concerning the dispute between the LIRR and certain of its employees represented by the Organizations. The President appointed Ira F. Jaffe, as Chairman of the Board, and Roberta Golick and Arnold M. Zack as members. The Board submitted its Report to the President on December 21, 2013.

Presidential Emergency Board 245.

When the recommendations of PEB 244 did not result in a prompt resolution of the disputes, the NMB conducted a public hearing on January 15, 2014, at which the Organizations stated their willingness to accept the recommendations of PEB 244 and LIRR discussed its reasons for not accepting the recommendations of PEB 244. The dispute remained unresolved. On March 5, 2014, LIRR requested that President Obama create a second Emergency Board pursuant to Section 9a(e) of the RLA regarding its disputes with the Organizations. Thereafter, on March 20, 2014, the President issued an Executive Order establishing, effective 12:01 a.m., Eastern Daylight Time, March 22, 2014, Presidential Emergency Board 245 to recommend adoption of a final offer from those submitted by the LIRR and the Organizations. The President appointed Joshua M. Javits, as Chairman of the Board, and M. David Vaughn and Elizabeth C. Wesman as Members. The Board submitted its Report to the President on May 20, 2014.

Presidential Emergency Board 246.

On February 2, 2009 and July 23, 2009, pursuant to Section 6 of the RLA, the International Brotherhood of Electrical Workers (IBEW) and the Brotherhood of Locomotive Engineers and Trainmen (BLET), respectively, served on SEPTA formal notices for changes in current rates of pay, rules, and working conditions. The parties were unable to resolve the issues in dispute in direct negotiations. Applications for mediation were filed with the NMB by BLET on April 9, 2010 and by IBEW on June 21, 2010.

Following the applications for mediation, representatives of all parties worked with the NMB mediators and with Board Members of the NMB in an effort to reach agreements. Various proposals for settlement were discussed, considered, and

rejected. On May 1, 2014, the NMB, in accordance with Section 5, First, of the RLA, urged SEPTA and the Organizations to enter into agreements to submit their collective bargaining disputes to arbitration as provided in Section 8 of the RLA ("proffer of arbitration"). On May 2 and 6, 2014, BLET and IBEW, respectively, accepted the NMB's proffer of arbitration, and on May 8, 2014, SEPTA declined the NMB's proffer of arbitration.

On May 14, 2014, the NMB served notices that statutory mediation had been terminated under the provisions of Section 5, First, of the RLA. Accordingly, self-help became available at 12:01 a.m., Eastern Daylight Time, on Saturday, June 14, 2014. Absent the establishment of an Emergency Board, BLET and IBEW commenced a strike on June 14, 2014.

On June 14, 2014, in accordance with Section 9a of the RLA, the Governor of Pennsylvania requested that President Obama establish an Emergency Board to investigate and issue a report and recommendations regarding the dispute. Section 9a(c)(1) of the RLA, in setting forth special procedures for commuter service, provides that any party to a dispute that is not adjusted under the other procedures of the RLA, or Governor of the State through which the service that is subject to dispute is operated, may request the President to establish an Emergency Board. On June 14, 2014, the President issued an Executive Order creating Emergency Board 246, effective 12:01 a.m. Eastern Daylight Time, June 15, 2014 to investigate the dispute between SEPTA and certain of its employees represented by the BLET and IBEW. BLET and IBEW ceased striking when the Emergency Board became effective. The President appointed Richard R. Kasher, as Chairman of the Board, and Ann S. Kenis and Bonnie Siber Weinstock as members. The Board submitted its Report to the President on July 14, 2014.

Forecast for FY 2015, FY 2016, 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, the release of the Massachusetts Bay Commuter Railroad (MBCR) parties created a high probability of 2 PEB's during FY 2011, for which the agency appropriately prepared. In the end, the parties reached agreements during the cooling off period, with no PEB being created. In FY 2012, there was a PEB involving NCCC and multiple unions.

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. As discussed above, a second PEB was established for the LIRR in FY2014 under the special

commuter rail provisions of Section 9(a). In addition, a PEB was also established for SEPTA under Section 9(a). The second SEPTA PEB (PEB 247) was convened by President Obama on October 10, 2014 (FY2015).

The following chart reflects the actual case numbers for FY 2014 and estimated case numbers for FY 2015 and FY 2016:

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Emergency Board Sec. 160	0	1	1
Emergency Board Sec. 159A	3	1	1

Office of Legal Affairs/Representation

Funding (in thousands) and FTE			
FY 2015 Estimate		FY 2016 Estimate	
\$	FTE	\$	FTE
2,708	10	2,788	10

Overview of Fiscal Year 2014

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.]

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 2013, FY 2014, and the five-year average, FY 2010-2014 follows:

	FY 2013 Actual	FY 2014 Actual	FY 2010 - FY 2014 Five-Year Average
Cases Pending at Start	2	1	4.4
Cases Docketed	34	39	40
Cases Closed	35	37	39.8
Cases Pending at End	1	3	4.6

Highlights during Fiscal Year 2014

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.

Due to a lapse in appropriations, the NMB's operations were curtailed from October 1 through October 16, 2013. The OLA staff closed 37 cases and also docketed 39 cases during the year. With the Agency resources requested for 2015, it is estimated that 39 representation cases will be investigated and resolved in the next fiscal year.

CASE SUMMARIES

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 summaries that follow are examples of the varied representation matters which were investigated and resolved by the NMB during FY 2014.

AMERICAN AIRLINES/US AIRWAYS

On January 10, 2014, pursuant to the NMB's Merger Procedures and NMB Representation Manual Section 19.3, American Airlines notified the NMB that "on December 9, 2013, American Airlines Group, Inc., (formerly known as AMR

Corporation) and US Airways Group, Inc., implemented a merger agreement dated February 13, 2013, resulting in the former's acquisition of the latter, including its wholly owned subsidiary US Airways, Inc." Subsequently, the NMB received applications for investigation and determination of whether American Airlines and US Airways (collectively the New American) were operating as a single transportation system. With regard to each application, the Board conducted an investigation to determine whether a single transportation system existed for representation purposes under the RLA.

Flight Deck Crewmembers

On January 15, 2014, the Allied Pilots Association (APA) filed its application covering almost 15,000 employees in the Flight Deck Crewmember craft or class. APA represents this employee group at the pre-merger American and the US Airline Pilots Association (USAPA) is the representative at US Airways. Based on the applications of its single carrier criteria to the facts disclosed by the investigation, the Board determined that there was substantial integration of operations, financial control, and labor and personnel functions. The Board also found that the absence of seniority integration cannot by itself preclude a single carrier determination. *American Airlines/US Airways*, 41 NMB 174 (August 8, 2014).

Passenger Service

On April 3, 2014, the CWA/IBT Association filed an application covering over 14,000 employees in the Passenger Service craft or class at the New American. Based on its investigation, the Board determined that American Airlines and US Airways have clearly combined their operations from a managerial and labor relations perspective and have taken substantial steps toward operational integration. *American Airlines, /US Airways*, 41 NMB 90 (June 19, 2014). Having determined that a single transportation system exists, the Board proceeded to examine the potential representation consequences. The Board's investigation disclosed that there are approximately 8,287 Passenger Service Employees on the pre-merger American and approximately 6,544 on the pre-merger US Airways. Since the numbers of employees in the craft or class on each part of the system are comparable, the Board authorized an election among the craft or class of Passenger Service Employees on the New American. *American Airlines, Inc. /US Airways, Inc.*, 41 NMB 143 (July 24, 2014).

Flight Attendants

On June 9, 2014, the Association of Professional Flight Attendants (APFA) and the Association of Flight Attendants-CWA (AFA) jointly filed an application covering over 24,000 employees in the Flight Attendant craft or class at the New American. APFA represents the Flight Attendant craft or class at pre-merger American and AFA represents the Flight Attendant craft or class at pre-merger US Airways. The Board determined that American Airlines and US Airways are operating as a single transportation system for representation purposes. In addition to noting the previous single carrier determination, the Board noted the substantial integration of

operations, financial control, and labor and personnel functions. *American Airlines, Inc. /US Airways, Inc.*, 41 NMB 145 (July 29, 2014).

In FY2014, the Board also received single carrier applications filed jointly by the Transport Workers Union of America (TWU) and the International Association of Machinists and Aerospace Workers (IAM) for the crafts or classes of Mechanics and Related, Fleet Service, and Stock Clerk Employees at the New American. In their application, TWU and IAM state that they have formed joint Associations for purposes of representing these craft or classes at the merged airline. The applications cover approximately 14,000 Mechanics and Related employees, 15,000 Fleet Service Employees, and 1,500 Stock Clerks. NMB Case File CR-7131.

FRONTIER AIRLINES

Pilots

An application filed by the Frontier Airline Pilots Association (FAPA) required the Board to determine whether a prior single transportation system was extinguished.

In *Republic Airlines, et al./Frontier*, 38 NMB 138 (2011), the Board found that Frontier Airlines was part of a single transportation system along with the other Republic Air Holdings' (RAH) subsidiaries Republic Airlines, Shuttle America and Chautauqua Airlines (Republic system) for the craft or class of Pilots. On June 28, 2011, the International Brotherhood of Teamsters (IBT) was certified as the representative of the Pilots craft or class on the Republic system. Subsequently, on December 3, 2013, RAH completed the sale of all of the outstanding shares of its wholly-owned subsidiary, Frontier Airlines Holdings, Inc. (which owns Frontier) to the Falcon acquisition Group, Inc., an affiliate of Indigo Partners, LLC. On December 18, 2013, FAPA filed its application seeking to represent the Pilots craft or class at Frontier separate from the Republic system.

Following its investigation, the Board determined that Frontier is operating as a single transportation system for the craft or class of Pilots. *Frontier Airlines, Inc.*, 41 NMB 31 (March 31, 2014). The Board noted that Frontier is now owned by Indigo Partners and does not share Boards of Directors or other senior managers with RAH. Frontier also controls all aspects of its flight operations, holding its own FAA operating certificate, flying its aircraft under the Frontier livery and code, with Pilots wearing Frontier uniforms. Additionally, Frontier controls all aspects of its labor relations and personnel policies and is held out to the public as separate from the RAH carriers. While the Board acknowledged the existence of an Integrated Master Seniority List covering all the pilots on the former Republic system, it found that this indicia alone was insufficient to keep Frontier in the that system.

The Board also rejected IBT's contention that the Board's two year certification bar in 29 C.F.R. §1206.4(a) be tolled during a period in which a carrier violates its Section 2, Ninth duty to deal with the representative certified by the NMB. The Board noted that while the IBT has filed a lawsuit in federal district court alleging Frontier's failure to bargain in violation of Section 2, Ninth but that no decision had issued. In the absence of a ruling by the district court, the Board lacks the

jurisdiction to “evaluate” whether Frontier treated with IBT as the certified representative as required under Section 2, Ninth. In addition, the Board found that the language of the certification bar covers applications for “the same craft or class of employees on the same carrier.” In the instant case, FAPA’s application is sought to represent Pilots on Frontier and not Pilots on the Republic system. Accordingly, the Board found the application was not barred.

Mechanics and Related Employees Craft or Class

In *Frontier Airlines, Inc.*, 41 NMB 202 (August 21, 2014), the Board found that Frontier was a separate transportation system for the Mechanics and Related craft or class. As in its earlier decision regarding the Pilot craft or class at Frontier, the Board noted that Frontier does not share Boards of Directors or other senior managers with RAH and Frontier controls all aspects of its operations. The Mechanics and Related employees report to Frontier management and are on separate seniority lists from the Mechanics and Related Employees on the Republic system. Accordingly, the Board found that Frontier is operating as a single transportation system for the craft or class of Mechanics and Related Employees. In this case, IBT also sought to accrete employees in the Maintenance Controllers position into the Mechanics and Related Employees craft or class. The Board also rejected Frontier’s contention that these employees were management officials. In addition the Board determined that the Maintenance Controllers shared a work-related community of interest with the Mechanics and Related Employees craft or class.

The Board majority² found that under *Ross Aviation, Inc.*, 22 NMB 89 (1994), the Maintenance Controllers were covered by the IBT’s certification covering the Mechanics and Related Employees craft or class since they shared a work-related community of interest, performed job functions traditionally performed by members of that craft or class and met the requisite 50 percent showing of interest requirement.

JURISDICTIONAL OPINIONS

The NMB also received ten jurisdictional referrals from the National Labor Relations Board (NLRB). In view of the National Labor Relations Act (NLRA) specific exemption of employers covered by the RLA, the NLRB follows a longstanding practice of referring cases to the NMB in instances where the jurisdictional issue is raised. In these cases, the NMB reviews the record provided by the NLRB and provides an opinion letter regarding whether the employer in question is, in the NMB’s opinion, covered by the RLA.

² Member Geale wrote separately to express his view that the NMB’s accretion policy should be reconsidered.

The following chart reflects the actual case numbers for FY 2014, and the estimated case numbers for FY 2015 and FY 2016:

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Cases Pending Start	1	3	2
Cases Docketed	39	36	39
Cases Closed	37	37	37
Cases Pending End	3	2	4

FY 2016 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 2014 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: Ensure that internal and external customer service supports and advances the mission of the NMB.

FY 2014 Accomplishments: Requests for assistance or service from internal customers were responded to within one day of the request. External requests for assistance or service were responded to within 2 business days of the receipt of the request.

Goal 3: Enhance training and development of OLA staff.

FY 2014 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. In Fiscal Year 2014 OLA staff took classes related to the Freedom of Information Act (FOIA), government ethics, Mediation (in partnership with Dominican University), the Railway Labor Act, and conflict resolution.

Goal 4: 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 2014 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, and the Association of Labor Relations Agencies. This year OLA attorneys gave presentations on the Railway Labor Act; Ethics in Mediation, Use of Social Media and Technology in Alternative Dispute Resolution. OLA continued to participate in intra-governmental initiatives

with other federal agencies such as the 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 Bureau of National Affairs and completed the 2014 pocket part supplement of the third edition of this treatise.

Goal 5: OLA staff provides prompt and efficient assistance to Presidential Emergency Boards.

FY 2014 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. OLA attorneys served as counsel to three Presidential Emergency Boards.

Goal 6: 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 2014 Accomplishments: OLA conducted semi-annual reviews of the Representation Manual and web site, updating where appropriate. In FY 2014, OLA reviewed FOIA requests for the last 3 years to determine what documents requested could be posted on the Knowledge Store to decrease the volume of FOIA requests.

Goal 7: Expand the use of technology to further streamline and reduce costs in representation and interference investigations.

FY 2014 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 2015 Estimate		FY 2016 Estimate	
\$	FTE	\$	FTE
3,797	6	3,572	6

Overview of Arbitration for Fiscal Year 2014

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. 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.

When requested, the NMB will provide the parties with panels of potential arbitrators from which they select an individual to resolve their dispute. However, in most instances, the parties agree to allow the NMB to directly appoint an

arbitrator. Interest Arbitration decisions are final and binding with very narrow grounds for judicial appeal.

GRIEVANCE ARBITRATION CASELOAD

A chart reflecting the actual case numbers for FY 2013, FY 2014, and the estimated five-year average, FY 2010-2014 follows:

	FY 2013 Actual	FY 2014 Actual	FY 2010 - FY 2014 Five year Average
Cases Pending at Start	2,084	3,577	2,970.4
Cases Docketed	5,230	4,313	4,280.2
Cases Closed	3,737	2,946	4,098.8
Cases Pending at End	3,577	4,944	3,151.8

Highlights of Arbitration during Fiscal Year 2014

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 2014 by targeting the backlog of grievance arbitration cases for resolution and increasing the number of arbitrators available to hear and decide cases and introducing more technology to the administrative processing of cases with its arbitrators. The estimated 4,944 cases pending at the end of FY 2014 is 1,367 more than cases pending at the end of FY 2013. The increase is attributed to the concluded national round of bargaining among the Class I freight railroads which has caused the filing of more grievances concerning the applicability of certain provisions of the agreement.

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 with the introduction of the new NMB website.

During FY 2014, 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.

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 increased as compared to the activity in FY 2013. During FY 2014, the parties brought 4,313 cases to arbitration compared to 5,230 cases in FY

2013. In FY 2014, 2,946 cases were closed compared to 3,737 in FY 2013, leaving 4,944 cases pending at the end of FY 2014.

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. 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 2014, 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 2014, Arbitration Services made presentations at a meeting of Class-I freight railroads and the labor organizations. The NMB anticipates continuing this initiative during FY 2015. The NMB had several grievance mediation cases with carriers in the railroad industry during 2014.

ARBITRATOR PRODUCTIVITY

The NMB continued its efforts to increase arbitrator productivity as a result of changing the six-month rule to a 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 2014, the agency posted an improved Arbitrators Caseload Report on the NMB website. 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 NRAB 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).

PAY-PER-CASE PROJECT

The NMB conducted a project in which six arbitrators were paid on a per-case basis, instead of the normal per-day compensation.

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 2014, the Office of Arbitration Services commenced a new info series on Arbitration and Section 3 topics. Using the NMB's Lyceum, the NMB post several information film segments on various topics and issues in arbitration under the Railway Labor Act.

In July, the NMB created an information segment entitled "Hearing Expectations of Arbitrators" using several well-known railroad arbitrators. In September, the NMB created an information segment titled "How Arbitrators are Selected by the Parties" using several rail management and labor officials. The NMB conducted a survey to determine future topics for segments which will be filmed in FY 2015.

Forecast for FY 2015, FY 2016, and Beyond

The NMB projects that the number of cases pending at the end of FY 2015 and FY 2016 will increase. This projection is driven by two assumptions : that the number of newly docketed cases will be 4,280 which is the five year average for new cases rounded to the nearest case; and, that the number of closed cases will be 4098 the five year average for closed cases rounded to the nearest case.

The following chart reflects the actual case numbers for FY 2014 and estimated case numbers for FY 2015 and FY 2016:

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Cases Pending at Start	3,577	4,944	5,126
Cases Docketed	4,313	4,280	4,280
Cases Closed	2,946	4,098	4,098
Cases Pending at End	4,944	5,126	5,308

FY 2016 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 2014 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. Grievance mediation was introduced to successfully resolve several aged cases at the NRAB.

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

FY 2014 Accomplishment: NMB worked with the outside professional associations to increase the diversity of its applicants for the NMB's Arbitrators roster.

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

FY 2014 Accomplishment: The NMB met with the Arbitration Forum several times during FY 2014 to discuss innovation to improve the program. NMB also commenced a review of all grievance mediation cases.

Office of Administration

Funding (in thousands) and FTE			
FY 2015 Estimate		FY 2016 Estimate	
\$	FTE	\$	FTE
6,566	7	6,614	7

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

Overview of Administration for Fiscal Year 2014

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 2014

HUMAN CAPITAL

As the NMB moves to take advantage of online services in the personnel arena, the agency is increasing efficiency and effectiveness, the results of which can be seen in the agency hiring process. For internal posting, 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. In addition, the NMB conducts three individual surveys for all new hires to assess their intake experience. The results help to improve the training and orientation process for not only the new hires but also as a refresher for our current staff.

Succession planning continues to be challenging for the NMB, 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 IDP's 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 is working with the Office of Personnel Management and the Department of Interior to improve its human capital operations and payroll. This will continue the NMB's objective of providing all its services electronically.

INFORMATION TECHNOLOGY

In accordance with the NMB's Capital Planning Plan, the NMB reviewed options for its information technology equipment while taking steps to move into cloud computing. The NMB has implemented Google Mail, Google Drive and Google Calendar, eliminating on-site servers. The NMB is in a transition process, moving the NMB's Corporate Memory and Knowledge Store to a cloud platform consistent with government requirements.

CONTINUITY OF OPERATIONS

The NMB participated in the Eagle Horizon 2014 National Level Exercise which included a tabletop exercise to test readiness to exercise objectives related to alert and notification, communications, devolution of control and authority, and reconstitution. Eagle Horizon 2014 is an internally evaluated exercise focusing on reviewing basic continuity procedures, as well as improving understanding of devolution, extended operations, and reconstitution concepts. As part of this exercise, the NMB identified program strengths and areas for improvement.

FINANCIAL PERFORMANCE

The NMB has entered into an agreement with the Bureau of Fiscal Services (BFS) to improve our financial reporting and processing by moving to a newer and more robust online platform, managed for the NMB under contract by BFS. This agreement will place at our fingertips up-to-date financial information that can be used to make efficient financial decisions. The Office of Administration 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 to audit its financial statements. For the sixteenth 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. With the lapse in funding, the deadline for the audited financial statements was revised.

PROCUREMENT

With the new partnership with BFS, the NMB utilize 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 the applicable rules and regulations governing contracting.

TRAVEL

The NMB currently uses the Concur Government Edition (CGE) Travel Services. CGE is an electronic online system which will reduce the per ticket cost for travelers. This system provides an electronic process for authorization, vouchers, and reimbursement.

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 program, 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 2013, the NMB completed development of a new Knowledge Store interface that speeds recovery of documents and frees the data to reside in the new cloud environment being created by the agency.

SUSTAINABILITY

The National Mediation Board is committed to reducing greenhouse gases in accordance with Executive Order 13514 (E.O.). During this year, 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, 37 out of 49 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 2016 Administration Performance Goals

Administration Strategic Goal

To support the program missions of the agency and provide outstanding

Goal1: Provide outstanding service delivery to internal and external customers.

FY 2014 Accomplishment: 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 2014 Accomplishment: The NMB worked with BFS to ensure that the required financial reporting is prepared and submitted timely.

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 2014 Accomplishment: The NMB has an agreement with BFS to handle the agency's financial management system and 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 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 2014 Accomplishment: 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 2014 Accomplishments: The NMB ensures that all information that contains Private Personnel Information (PPI) is password protected when transmitting electronically.