REPORT

to

THE PRESIDENT

by

EMERGENCY BOARD

NO. 254

SUBMITTED PURSUANT TO

EXECUTIVE ORDER DATED JANUARY 14, 2026 ESTABLISHING AN EMERGENCY BOARD TO INVESTIGATE DISPUTES BETWEEN LONG ISLAND RAIL ROAD AND BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN; BROTHERHOOD OF RAILROAD SIGNALMEN; INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS; INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS; AND TRANSPORTATION COMMUNICATIONS UNION

AND SECTION 9A OF THE RAILWAY LABOR ACT, AS AMENDED

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(National Mediation Board Case Nos. A-14068, A-14070, A-14071, A-14076, A-14078)

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WASHINGTON, D.C.
MARCH 16, 2026

Washington, D.C.
March 16, 2026

The Honorable Donald J. Trump
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

Pursuant to Section 9A of the Railway Labor Act, as amended, and by Executive Order 14374, dated January 14, 2026, you established an Emergency Board, effective 12:01 AM, Eastern Standard Time, January 16, 2026, to investigate and report on disputes between Long Island Rail Road and its employees represented by the Brotherhood of Locomotive Engineers and Trainmen, the Brotherhood of Railroad Signalmen, the International Association of Machinists and Aerospace Workers, the International Brotherhood of Electrical Workers, and the Transportation Communications Union.

Following its investigation of the issues in dispute, including both hearings and meetings with the parties, the Board now has the honor to submit its Report and selection of Final Offer for settlement of the disputes.

The Board acknowledges with thanks the assistance of John S.F. Gross and Andres Yoder of the National Mediation Board, who rendered invaluable counsel and aid to the Board throughout the proceedings.

Respectfully submitted,

Barbara C. Deinhardt, Chairman

Joyce M. Klein, Member

James M. Darby, Member

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I. CREATION OF THE EMERGENCY BOARD

By Executive Order 14374, dated January 14, 2026, the President established Presidential Emergency Board No. 254 ("PEB 254" or "Board") pursuant to Section 9A of the Railway Labor Act ("RLA"), as amended, 45 U.S.C. §151 *et seq.*, including §159A. In accordance with RLA Section 9A(g), the President created PEB 254 to investigate and report on the disputes between Long Island Rail Road ("LIRR" or "Carrier") and its employees represented by the Brotherhood of Locomotive Engineers and Trainmen ("BLET"), the Brotherhood of Railroad Signalmen ("BRS"), the International Association of Machinists and Aerospace Workers ("IAM"), the International Brotherhood of Electrical Workers ("IBEW"), and the Transportation Communications Union ("TCU"); and to select the most reasonable final offer submitted by the parties to the disputes. A copy of Executive Order 14374 is attached as Appendix A.

The President appointed Barbara C. Deinhardt of Brooklyn, New York as Chairman of the Board; and appointed Joyce M. Klein of Ocean Grove, New Jersey and James M. Darby of Long Beach, New York as Members. The National Mediation Board ("NMB") appointed John S.F. Gross and Andres Yoder as Special Counsel to the Board.

II. PARTIES TO THE DISPUTES

The Carrier

The LIRR is the busiest commuter railroad in the nation. It runs around the clock, all year long. In 2025, its total ridership was over 81 million passengers.

The LIRR operates a large rail network that extends from New York City to the eastern end of Long Island. Its system includes 760 miles of track, 958 trains, and 126 stations. The LIRR's main hub is in Queens, and it serves key terminals in Manhattan (Pennsylvania Station and Grand Central Madison), Brooklyn (Atlantic Terminal), and Queens (Hunterspoint Avenue).

Chartered in 1834 as a privately owned company, the LIRR is one of the oldest railroads in the nation. The State of New York acquired all of the LIRR's capital stock in 1966. The Metropolitan Transportation Authority ("MTA") then converted the LIRR to a public benefit subsidiary pursuant to New York State Public Authorities Law in 1980. A 17-member Board ("MTA Board") governs the MTA, and before the LIRR can enter into any labor agreement the MTA Board must approve it.

In addition to the LIRR, the following subsidiary and affiliate agencies are governed by, and funded through, the MTA:

- Metro-North Commuter Railroad Company ("MNCR")
- New York City Transit Authority ("NYCTA") and its subsidiary Manhattan and Bronx Surface Transportation Operating Authority ("MaBSTOA")
- Triborough Bridge and Tunnel Authority
- MTA Bus Company ("MTA Bus")
- Staten Island Rapid Transit Operating Authority
- MTA Construction and Development

The Organizations

At issue here are disputes between the LIRR and the following five labor organizations—BLET, BRS, IAM, IBEW, and TCU (collectively, the "Organizations" or "the Coalition"):

- BLET represents approximately 520 LIRR locomotive engineers.
- BRS represents approximately 780 LIRR employees. The majority of these employees primarily perform signal work, while the rest of the employees primarily work in engineering, fire marshal, and system operator positions.
- IAM represents approximately 250 LIRR employees who work in the Maintenance of Equipment Department.
- IBEW represents approximately 740 LIRR employees who work in the Engineering and Maintenance of Equipment Departments.
- TCU represents approximately 1,240 LIRR employees, including clerical employees; professional employees who work in the Payroll and Purchasing Departments; tower and agent employees; and train dispatchers.

The Coalition represents around 3,500 LIRR employees, which is about half of the Carrier's represented employees.

III. HISTORY OF THE DISPUTES

The LIRR and each of the five Organizations (collectively, "the Parties") are parties to separate collective bargaining agreements. In June 2023, all five agreements became amendable.

Between May 8, 2023 and May 20, 2023, pursuant to RLA Section 6, TCU, BLET, and BRS each served the Carrier with Section 6 notices containing proposed changes to their agreements. On June 14, 2023, the Carrier served Section 6 notices on BLET, BRS, IAM, and TCU; and on July 20, 2023, the Carrier served a Section 6 notice on IBEW. On August 3, 2023 and August 11, 2023, respectively, IBEW and IAM served Section 6 notices on the Carrier.

Between January 10 and February 5, 2024, IAM, BLET, BRS, and IBEW submitted applications to the NMB for mediation of their collective bargaining disputes with the Carrier. Before requesting mediation, none of the four Organizations had held a bargaining session with the Carrier.

On February 29, 2024, after rejecting a February 7, 2025 tentative agreement, TCU also applied for NMB mediation.

Following the applications for mediation, representatives of all Parties worked with the NMB mediators and with NMB Board Members to reach agreements. During a series of mediation sessions held between March 2024 and July 2025, various proposals for settlement were discussed, considered, and rejected.

On August 13, 2025, the NMB, in accordance with RLA Section 5, First, urged the Parties to agree to submit their collective bargaining disputes to arbitration, in accordance with RLA Section 8. The Carrier accepted, but on August 14 and 15, 2025, each of the Organizations individually rejected the NMB's proffer of arbitration.

On August 18, 2025, the NMB, under RLA Section 5, First, served notice that its services had been terminated and that the Parties were released from mediation. Accordingly, the Parties were required to maintain the status quo for 30 days, until September 18, 2025.

On September 12 and 15, 2025—during the 30-day status quo period—the Organizations, in accordance with RLA Section 9A(b), individually asked the President to establish an emergency board to investigate and issue a report and recommendations concerning the disputes.

On September 16, 2025, the President granted the Organizations' requests and created Presidential Emergency Board No. 253 ("PEB 253"), effective September 18, 2025. Pursuant to RLA Section 9A(c)(1), the appointment of PEB 253 triggered a second status quo period for an additional 120 days, until January 15, 2026.

On October 17, 2025, PEB 253 issued its Report and Recommendations.

An Overview of the Disputes Before PEB 253 and its Recommendations

Contending that 50% of the LIRR represented workforce and almost 75% of the represented workforce across the MTA's constituent agencies are covered by pattern-conforming agreements for the 2023-2026 round of bargaining, the Carrier sought a pattern-adhering recommendation from PEB 253. That pattern, according to the Carrier, is the fully monetized cost of the agreement for that round on the last day of the contract, which it calls the "net going out cost." For the 2023-2026 round set by NYCTA and Transport Workers Union ("TWU") Local 100, the pattern included: (i) a 36-month term and wage increases (3% Year 1, 3% Year 2, and 3.5% Year 3) that were internally funded by savings to be realized from health benefit modifications; and (ii) certain benefit enhancements and lump sum ratification bonuses. The Carrier characterized the "net going out cost" of the pattern set by this proposal as 9.5%. The Carrier further asserted that the pattern was flexible and could be adjusted to the needs of each

bargaining unit. This meant that individual units could agree to work rule or other changes that generated labor savings and those savings could be used to enhance wages and benefits, provided that the net going out cost remained the same. Bargaining units could also agree—consistent with the pattern—to "stretch" the length of the contract using the same monthly cost to use that additional length (the equivalent of a wage freeze for months beyond twelve) to fund additional compensation.

The Organizations, in turn, proposed a four-year agreement with the same "pattern"; namely, General Wage Increases ("GWIs") for the first three years (3%, 3%, 3.5%), but with a GWI of 6.5% for Year 4 that they claimed was necessary to keep pace with inflation and provide "very modest real wage growth" over the term of the agreements. The Organizations also proposed a lump sum signing bonus. The Organizations were opposed to any changes to work rules, over which they contended there had been no meaningful bargaining between the parties.

As observed by PEB 253, the Parties were in agreement with respect to the following GWIs:

June 16, 2023 – 3.0%
June 16, 2024 – 3.0%
June 16, 2025 – 3.5%

The Parties also agreed ultimately that employees were eligible to receive a $3,000 lump sum payment upon full and final ratification and that employees were to be made whole by payment of back pay for retroactive wage payments.

PEB 253 concluded that the areas of dispute between the Parties were "few, but significant." The first was whether PEB 253 should recommend a fourth year GWI, as requested by the Organizations. If so, PEB 253 would need to determine the amount and timing of that recommended GWI. PEB 253 acknowledged that "pattern principles are a bedrock of bargaining

under the RLA," but concluded that those principles did not operate to deprive the Organizations of their right to bargain on behalf of their members for increases outside of, rather than inconsistent with, the pattern. That Board observed that the fourth year being proposed could not be found violative of pattern principles since there was no pattern covering a fourth year to be contravened. It found there were valid reasons to entertain the Organizations' request for a four-year agreement and that "[t]he loss of real wages over the first three years of the agreement is a legitimate reason to undertake reasonable steps to try and maintain real wages or perhaps even increase them modestly in the next round of bargaining." Therefore, the Board recommended a fourth-year increase of 4.5% to allow the members to maintain real wage growth over the term of the agreement.

The second question before PEB 253 related to the appropriate disposition of the Carrier's requests for modification or elimination of work rules. On this question, it concluded that "the record in this case reveals a lack of appropriate pursuit and discussion in negotiations and a failure to have established in the record before the Board proof as to the propriety of recommending adoption of these rules or proof of compelling operational need to adopt those rules." It therefore declined to recommend any of the work rule changes proposed by the Carrier, with the exception of the transition to electronic payroll.

In its Report, PEB 253 recommended that the Carrier and each of BLET, TCU, BRS, IBEW, and IAM agree to a Memorandum of Understanding that extends the existing Agreement through July 25, 2027, and contains the following additional terms:

1) General Wage Increases of:

3.0%, effective June 16, 2023
3.0%, effective June 16, 2024
3.5%, effective June 16, 2025
4.5%, effective July 16, 2026;

2) a $3,000 lump sum payment, payable promptly following full and final ratification;

3) payment of retroactive back pay to all eligible employees;

4) inclusion of Electronic Payroll language;

5) adoption of an April 16, 2027 Moratorium Date with respect to the filing of Section 6 notices; and

6) a July 16, 2027 Amendable Date.

Parties Fail to Reach Agreement Following the Recommendations of PEB 253

On October 22, 2025, following the issuance of PEB 253's Report, the Carrier sent a letter to each of the five Organizations, individually, requesting to resume negotiations. The Carrier expressed that, in light of the PEB 253 Report, it wished to engage "in a more fulsome discussion of its work rule proposals." The Carrier further expressed that although PEB 253's criticism of the Carrier's pursuit of enhanced productivity was "misplaced," it served as an important benchmark in the Parties' negotiations. It also stated it did not believe a voluntary agreement that included a fourth year could be achieved "in the absence of meaningful productivity bargaining."

On October 27, 2025, the Coalition responded collectively to the Carrier's October 22, 2025 letter, welcoming the opportunity to meet, but disagreeing with the Carrier's characterization of PEB 253's findings and recommendations. They further expressed that they remained prepared to meet with the Carrier in pursuit of a voluntary settlement but only after receiving any additional or modified proposals.

On October 29, 2025, the Carrier responded that it believed "scheduling a session for the parties to engage in meaningful discussions on productivity bargaining ideas and concepts is an important next step" and proposed specific meeting dates. The Coalition replied that it was unavailable to meet on the proposed dates and reiterated that "it would be practical for [them] to

receive any modified or additional proposals from the Carrier in advance of scheduling our next meeting."

On November 8, 2025, Kelli Coughlin, Senior Deputy Chief Labor Relations Officer for the LIRR and MNCR, sent an email to BLET Vice President Kevin Sexton, requesting available dates to meet. Mr. Sexton sent an email to Ms. Coughlin on behalf of the Coalition, repeating that the Organizations were willing to meet, but that "any new Carrier proposals must at a minimum be equal in value to the value of the PEB recommendations, without requiring the unions to fund them through concessions." Mr. Sexton concluded by stating that the Organizations would "entertain proposals that accept the basic value of the PEB recommendations but also seek additional changes to agreements for exchange of additional value. Once the Carrier provides us with any new proposals that it seeks to discuss, we can identify a date, time and location that is mutually agreeable for our next session. Absent that, convening merely 'to meet' would not serve a constructive purpose for either party."

On November 11, 2025, Ms. Coughlin sent an email response to Mr. Sexton's email, rejecting the Organizations' preconditions. No written proposals were provided by the Carrier, and the Parties did not meet.

When the Parties failed to reach agreement following PEB 253's Report and Recommendations, as provided for in Section 9a(d) of the RLA, the NMB conducted a public hearing on November 17, 2025, at which time the Parties each explained why they objected to the recommendations of PEB 253.

The Organizations agreed with the analysis and the findings of PEB 253 with respect to what constitutes a pattern on the LIRR, the period covered by the pattern, the appropriateness of the inclusion of a fourth year in the agreements, and its characterization of the LIRR's work rules

proposals. However, the Organizations were not prepared to accept PEB 253's recommendations in full because its recommendation for the general wage increases for the fourth year of the agreements would, "at best, merely keep pace with inflation, rather than provide for modest real wage growth consistent with the results of several decades of bargaining rounds on the property."

According to the LIRR, PEB 253's Report and Recommendation "destabilizes labor relations, and disserves the parties by not enforcing the pattern," "has upended historical practice by recommending a pattern settlement with a small group of represented employees that have no tradition of pattern setting," and "ignores the needs of the public by refusing to recommend any changes in outdated work rules." The LIRR further argued the Report ignored decades of Carrier interests to modernize its workforce, ignored the recent New Jersey Transit Rail Operations ("NJTRO") strike settlement as a path forward in a similar dispute, and laid the groundwork for a work stoppage.

On January 9, 2026, shortly before the expiration of the 120-day status quo period, all five Organizations individually requested that the President establish a second emergency board pursuant to RLA Section 9A(e).

On January 14, 2026, the President granted the Organizations' requests and created this Presidential Emergency Board—PEB 254—effective January 16, 2026, to select the most reasonable final offer submitted by the Parties for settlement of the dispute. Pursuant to RLA Section 9A(h), the appointment of PEB 254 triggered a third status quo period that extends 60 days beyond the date of this Report. If there is no settlement between the Parties, self-help will become available to the Parties after the third status quo period ends.

IV. ACTIVITIES OF THE EMERGENCY BOARD

On January 23, 2026, Chairman Deinhardt met with the Parties by videoconference to discuss organizational matters. On January 26, 2026, the Board sent the Parties an organizational letter in which its procedures were set forth.

On January 27 and 28, 2026, the entire record before PEB 253 was incorporated into the record in this matter.

On February 13, 2026, by agreement of the Parties, the Parties submitted their Final Offers, as required by RLA Section 9A(f). The Parties then filed prehearing submissions, including briefs and exhibits, on February 24, 2026. Hearings on the disputes were held on March 1 and 2, 2026 in Washington, DC. The Parties were represented by counsel and had a full and fair opportunity to present oral and documentary evidence and argument. The Organizations presented oral testimony from Thomas Roth, President of Labor Bureau, Inc., and written statements from Mr. Sexton; Michael Sullivan, General Chairman, Long Island Committee, BRS; Jeffrey Klein, General Chairman, IBEW; Shaun O'Connor, General Chairman, District #19, IAM; and Nicholas Peluso, National Vice President and Assistant to the President, TCU/IAM. The Carrier presented oral testimony from Ms. Coughlin and Gary Dellaverson, Principal of Dellaverson P.C.

On March 2, 2026, immediately following the closing of the hearing, the Board met informally with the Parties in person in an attempt to settle the disputes. Those efforts were not successful. Nevertheless, the Board benefitted from the Parties' candor during these meetings and appreciates the Parties' courtesy and cooperation during the hearings and the post-hearing discussions.

The Board then met in a series of Executive Sessions by videoconference in order to reach consensus regarding its recommendations and to prepare and finalize this Report.

V. THE FINAL OFFERS

The Parties' respective Final Offers, submitted as required by RLA Section 9A(f), are as follows:

The Coalition's Final Offer

1) General Wage Increases:
3.0%, effective June 16, 2023
3.0%, effective June 16, 2024
3.5%, effective June 16, 2025
5.0%, effective July 16, 2026;

2) Lump sum payments:
$3,000 lump sum payments to all eligible employees, payable promptly following full and final ratification;

3) Back pay:
Payment of retroactive back pay to all eligible employees;

4) Electronic payroll:
Adoption of Electronic Payroll processes;

5) Moratorium:
No Section 6 notices to be served prior to April 16, 2027; status quo to be maintained and no changes to become effective until July 16, 2027.

The Carrier's Final Offer

1. Term (All Crafts)
The term shall be June 16, 2023, through September 1, 2027 and thereafter as provided by Law.

2. Wages (All Crafts)
a. General Wage Increases
Effective June 16, 2023, wages shall be increased three percent (3%) over the rates then in effect.
Effective June 16, 2024, wages shall be increased three percent (3%) over the rates then in effect.
Effective June 16, 2025, wages shall be increased three and one-half percent (3.5%) over the rates then in effect.
Effective July 16, 2026, wages shall be increased three percent (3%) over the rates then in effect.

b. Lump Sum Payments
All active employees shall receive a signing bonus of $3,000 upon full and final ratification, as defined below in Section 11.

3. Retroactive Wages (All Crafts)
Every active employee, and any employee who 1) retired; 2) died; 3) resigned in good standing while having a vested right to a pension under the Long Island Rail Road Pension Plans; or 4) was dismissed and subsequently reinstated or rehired with seniority restored, shall receive payment for service under the above schedule of general wage increases.

4. Bereavement Allowance (All Crafts)
The definition of "immediate family" for purposes of bereavement allowance shall be modified to include: spouse, son, daughter (including stepchildren), mother, father, step-parents (current spouse of employee's parent), sister, brother, mother-in-law, father-in-law, employee's grandfather and grandmother and employee's grandchildren. The bereavement allowance may be used during the period of mourning, typically one week after the decedent's death.

5. Other Provisions (All Crafts)
a. All payroll, including shortage adjustments and expense payments, will be made electronically, via direct deposit only. Paper paychecks and pay advices are discontinued.

b. No employee regardless of Hours-of-Service status may work more than 18 continuous hours unless the President of the Railroad or his/her designee has declared an emergency due to weather or other exigent circumstances.

c. At the Carrier's discretion, new employees hired after full and final ratification of the Agreement may be hired above the entry (minimum) step in cases of 'hard to recruit' titles. Exercise of this provision does not reduce the amount of time needed to mature to top pay. The Carrier will advise the union of its exercise of this provision in advance.

d. To the extent practical, overtime shall be equalized among members of the craft.

e. Employees shall be required to complete up to sixteen (16) hours of annual computer-based training assigned by the Carrier on their own time, outside of working hours, and with their own personal electronic devices. Employees who complete all of the required computer-based training courses on or before the established deadline will be compensated at the straight time rate of pay for the estimated cumulative hourly duration of all the required computer-based training. Payment for completion of all required courses shall be made as soon as practicable after completion.

6. Other Provisions (Craft-Specific)
a. The BLE collective bargaining agreement shall be amended to reduce the penalty payments pursuant to Article 2(b) and Article 2(l) to 1 hour straight time pay.

b. The TCU collective bargaining agreements shall be amended to permit full implementation of Frontline Ambassador Customer Engagement Service.

c. The BRS, IBEW and IAM collective bargaining agreements shall be amended to add the following provision which shall expand the Carrier's prerogative to use outside forces:

> The Carrier may contract out work that is normally and customarily performed by employees covered by the agreement with notice, but without concurrence of the General Chairman, under the following circumstances:
> 1. In "emergencies", including but not limited to fires, floods, and heavy snow; or
> 2. When one (1) or both of the following conditions is/are present:
> i. The required time of completion of the work cannot be met with the skills, personnel, or equipment available on the property; or
> ii. The work cannot be performed by the Carrier except at a significantly greater cost.

7. Productivity Pay (All Crafts)
Effective upon full and final ratification of this Agreement, including each of the preceding elements, all rates of pay shall be increased by 1.5%.

8. Moratorium (All Crafts)
There shall be a moratorium on the service of Section 6 Notices until June 1, 2027.

9. Reopener (All Crafts)
In the event that LIRR/SMART-TD or NYCTA/TWU Local 100 collective bargaining agreement provides for a general wage increase in 2026 greater than 3%, the Organization may reopen this agreement to present an opportunity to achieve such greater value under equivalent terms.

10. Maintenance of Terms (All Crafts)
Except as indicated in this final offer, all other terms and conditions of the collective bargaining agreement shall continue.

11. Final Ratification (All Crafts)
Implementation of this offer is subject to approval of the Organization's Executive Board and ratification by the membership of the Organization.

VI. DISCUSSION

The Final Offers of the Carrier and the Organizations are identical in proposing General Wage Increases for June 16, 2023, 2024 and 2025. They both provide for a fourth-year increase on July 16, 2026—the Carrier offering a 3% increase plus an integral 1.5% productivity increase tied to certain work rule changes and the Organizations proposing a 5% increase, without any of the disputed work rule changes. Both Final Offers include a $3000 lump sum payment, retroactivity pay, and provisions for electronic payroll. There are slight differences in the terms of the agreements and the Moratorium Dates, with the Carrier proposing a 50.5-month agreement and the Organizations a 49-month agreement. Thus, both Final Offers, with the major exception set forth just below, are similar to the 4.5% GWI Recommendation of PEB 253, with the Organizations' offer for the fourth-year increase being 0.5% above the PEB Recommendation and the Carrier's offer being identical when the 1.5% productivity increase is included.

Significantly, however, the Carrier's Final Offer also ties its increases to certain craft-specific work rule changes separately affecting each of the five Organizations and several work rule changes common to all the Organizations. These work rule change proposals will be discussed below.

Our statutory responsibility is to select the most reasonable of the two Final Offers. 45 U.S.C. § 159a(g). Our understanding of the statute and of PEB precedent, and not disputed by the Parties, is that we must consider the Final Offers as a whole and not choose to endorse certain parts but not others. We will discuss the economic proposals separately from the work rule proposals, but we recognize that our selection must be made in light of the entirety of the Final Offers.

Economic Proposals

In making their economic proposals, each party asserts that its proposal is the most reasonable offer in light of the effectiveness of the proposals in protecting employees' real wage growth, i.e. wage growth that exceeds the rate of inflation such that purchasing power is protected, the LIRR and MTA pattern settlements and comparable settlements reached on other commuter rail properties, and the ability of the MTA to afford the increases proposed.

Each party argues that its Final Offer would in fact protect employees' purchasing power. When making their arguments as to whether their proposals ensure that employees' wages keep up with the cost of living, the Parties are not in serious disagreement about how to measure inflation for the period in question. While the Carrier has suggested that other inflation measures may be more accurate, it does not dispute that PEB 253, prior PEBs, and the industry generally have relied on the Regional CPI-W as a reasonable measure of changes in cost of living. PEB 250 made the following observation about the appropriate inflation measure:

> A number of reasons nevertheless support the use of the CPI-W as the appropriate barometer for measuring the amount of inflation, including particularly the parties' use of that measure over an extended period of time when they have agreed to index one or more pay related items and in connection with the calculation of COLAs when they were part of the Parties' wage structure. The index is also the most widely used index to measure inflation and the CPI, regardless of the precise variant, is what is most frequently captured in the media and portrayed to the public as the inflation rate.

(PEB 250 Report at 38).

We concur and find that in this case the New York Regional CPI-W is the most appropriate measure of inflation to use in analyzing the reasonableness of the Parties' Final Offers.

The essence of the disagreement between the Carrier and the Organizations on whether the Carrier's fourth-year increase protects real wage growth lies in whether the proposal for the 2026-2027 year of the agreement is treated as essentially the first year of the next agreement, and thus

should be analyzed using inflation information only for 2026-2027, or is considered to be the last year of a four-year agreement and thus should be analyzed along with the three other yearly increases, using inflation information for 2023-2027.

According to the Carrier, the Parties have already agreed on the increases for the first three years as reflecting the pattern settlements reached by TWU Local 100 and the other organizations on the LIRR property. The deliberations on the appropriate and reasonable increase for the fourth year should not reopen the question of the sufficiency of the first three increases. The Carrier notes that PEB 253 found that the inflation for 2026-2027 can best be estimated to be around 2.8%. Thus, it argues that its offer of a 3% increase on July 16, 2026, particularly when paired with the lump sum bonus, would be more than sufficient to maintain real wage growth for 2026-2027.

The Organizations, on the other hand, insist that the ongoing negotiations and the instant dispute relate to the contract that became amendable on June 16, 2023. Its proposal, and the Recommendation of PEB 253, are for a 49-month agreement—from June, 2023 to July, 2027. The total GWI negotiated for that period must be sufficient to maintain real wage growth over that same period. The Organizations present evidence undisputed by the Carrier that a 5% GWI on June 16, 2026, following the first 3% / 3% / 3.5% increases, would result in a real wage growth of 0.34% over the term of the agreement, when using PEB 253's assumption for inflation. The Carrier's Final Offer of 3%, on the other hand, without factoring in the 1.5% productivity increase that is arguably canceled out by the economic impact of the various work rule changes, would result in a 2% real wage ***loss*** over the four-year term.

We are not persuaded by the Carrier's argument that the increase at issue here should be determined without regard to the economic impact on the employees over the life of the four-year agreement. First, it is clear that PEB 253 reached its conclusion about a reasonable fourth-year

increase by analyzing inflation over the 49-month period. According to PEB 253, "A 4.5% wage increase on July 16, 2026, would yield overall compounded wage increases over the term of 14.74% (3.50% per year)." We note that both Parties, consistent with the Recommendation of PEB 253, have submitted Final Offers that include four GWIs—on June 16, 2023, June 16, 2024, June 16, 2025, and July 16, 2026.

The Carrier contends that the Organization has already agreed on the first three increases and that they are not at issue here. The Organizations' agreement on the first three GWIs, however, was always conditioned on an agreement for a fourth increase. The fact that the Parties have already agreed on the first three increases but not the fourth does not, in our view, render irrelevant the economic impact of those three years' increases, when compared with inflation during those years. Moreover, while we certainly do not countenance parties intentionally delaying or impeding the settlement process, when as here such delays do occur, the Parties do not have to speculate over what the inflationary impact on wages might be. They have the benefit of applying actual CPI-W data to the contract years that have already passed, to determine precisely whether such impact has either depressed or enhanced real wage growth for those years.

The Carrier expressed its concern that the upcoming negotiations with the organizations that historically have set the pattern for economic bargaining within the MTA family—TWU Local 100 and SMART-TD—would be influenced by the fourth-year increase agreed to by these Parties. It seems reasonable to anticipate, however, and the Carrier does not dispute, that when the negotiators for the parties to those so-called pattern agreements approach the table in this upcoming round of negotiations, they, too, will make proposals that in part reflect the impact of inflation over the term of the preceding contract, proposals that will then in turn be tempered by

the various factors that affect negotiations. We find it more reasonable for the Final Offer in the instant negotiations to also reflect such economic realities.

We therefore analyze the impact of the Parties' Final Offers when compared with inflation over the term of the agreement. PEB 253 used the following inflation data in crafting its recommendation:

Date	GWI	NY Regional CPI-W (June 2023 = 100)	Wage Rate	Real Wage Rate
6-16-23	3.00%	100.0	103.00	103.00
6-16-24	3.00%	104.5	106.09	101.52
6-16-25	3.50%	108.0	109.80	101.67
7-16-26	4.50%	111.7	114.74	103.00
7-16-27		114.9	114.74	99.86

We are persuaded by the conclusion of PEB 253 that a fourth-year increase that seeks to preserve real wage growth over the term of the agreement must be at least 4.5%, based on the inflation data from October 2025, without work rule changes that diminish employees' compensation. The Carrier's 4.5% increase does not achieve that goal, tied as it is to work rule changes, some of which diminish employees' compensation.

The Carrier and the Organizations do not dispute the inflation figures used by PEB 253 as calculated at that time. In projecting inflation beyond August 2025, PEB 253 used the most recent estimates then available from the New York State Assembly Ways and Means Committee.

> We have adopted for our purposes an assumption that annualized rates of inflation will be 3.3% during the remainder of 2025 (the New York Assembly Ways and Means Committee projection for the NY Region CPI-U), 3.0% in 2026 (in light of current projections that suggest that inflation is likely to ameliorate somewhat in 2026), and 2.8% in 2027 (again based upon current projections to the same effect for 2027). If one utilizes those assumptions, then the assumed rate of annual increases to the cost-of living for the period June 2025 through July 2026 would be approximately 3.14% (a combination of 3.3% for the six months of that period in 2025 and 3.0% for the seven months of that period in 2026) and for the period from July 2026 to July 2027 would be approximately 2.88% (a combination of the 3.0%

> assumption for the five months during that period in 2026 and the 2.8% assumption for the seven months of that period in 2027).

(PEB 253 Report at 58-59).

The Organizations observe that the New York State Assembly Ways and Means Committee inflation prediction is now slightly higher for 2026 and 2027 than its previous estimate that was relied upon by PEB 253. Therefore, the Organizations reason, the 4.5% recommended by PEB 253 in October 2025 as necessary to roughly preserve real wage growth would not in fact now, in retrospect, meet that stated goal. The Organizations contend their proposed 5.0% is necessary to do that.

Whether the increase more likely to track inflation over the 49 months is 4.5% as recommended by PEB 253 or 5% so as to provide a "cushion" against unexpected inflation, as proposed by the Organizations, it is clear that the Carrier's Final Offer of 3% in the fourth year would result in a real wage loss of approximately 2% even without the work rule changes. The Final Offer of 4.5% with the work rule changes discussed below would result in an even greater loss of real wages for some of the Organizations, although perhaps a smaller loss, though in no case a maintenance of real wages, for others of the Organizations.

Thus, when looking just at real wage growth, the Organizations' Final Offer is the more reasonable. The Carrier argues that preservation of real wage growth, while a factor in determining a reasonable wage increase, is not the determinative factor. At the hearing, Mr. Dellaverson testified that he agreed as a matter of principle that relative growth in real wages is an important consideration in how parties create a collective bargaining agreement, but he "also assert[s] that there are a multitude of other factors that go into determining what that should be, including what the environment is, and what other pattern setters have done, and what's the financial ability of the employer to pay."

When analyzing what other pattern setters have done, it is helpful to note that, as set forth earlier, the Organizations represent approximately 3,500 of the 7,000 unionized employees employed by the LIRR. The other half are represented by the following organizations that are not parties to this proceeding: International Association of Sheet Metal, Air, Rail, and Transportation Workers - Transportation Division ("SMART-TD"); SMART - Yardmasters ("SMART-Y"); SMART - Sheet Metal Workers International ("SMART-SMW"); National Conference of Firemen & Oilers ("NCFO"); and International Railway Supervisors Association ("IRSA"). Additionally, the other MTA-affiliated agencies referred to earlier employ approximately 59,000 employees represented by various other labor organizations, including TWU Local 100, representing 37,000 MTA employees. Since TWU Local 100 represents the largest group of MTA employees, the NYCTA/TWU Local 100 labor contract has historically been the pattern setter during bargaining across the MTA, including at the LIRR, and this was no exception in the 2023-2026 round of bargaining.

Thus, on May 30, 2023, the NYCTA, MaBSTOA and MTA Bus affiliates reached agreement with TWU Local 100 on a three-year contract providing for GWIs of 3% / 3% / 3.5% and various other benefits and "givebacks," resulting in what the Carrier asserted was a "going out" cost for that period of 9.5%. Thereafter, five of the organizations at the LIRR reached voluntary settlements with the Carrier in this round: SMART-TD, SMART-YDM, SMART-SMW, NCFO, and IRSA. Each of those agreements had a term of 38 months and provided for GWIs of 3% at the beginning of Year 1, 3% at the beginning of Year 2, and 3.5% at the beginning of Year 3, and full retroactivity to June 16, 2023. The Amendable Date for each of those

agreements is August 16, 2026, with a Moratorium on the service of Section 6 Notices until May 16, 2026.[1]

Before PEB 253, the LIRR proposed that this 3% / 3% / 3.5% pattern should be imposed on the Organizations. The Organizations similarly proposed the three-year pattern of 3% / 3% / 3.5% but included a fourth-year increase of 6.5%. PEB 253 agreed with the LIRR that "there is no question that pattern principles are a bedrock of bargaining under the RLA." However, it determined that the question of whether the pattern should be followed

> is of largely academic concern in this case because both the Carrier and the Organizations agree that the GWIs for the first three years are to be 3%, 3%, and 3.5% - a settlement that is consistent with all the agreements reached by the Carrier during this round of bargaining…. The fourth year being proposed cannot be found violative of the pattern principles since there is no pattern covering a fourth year to be contravened. While addressing a fourth year would place these Organizations in the role of being the lead entities to negotiate wages and working conditions for that fourth year, it cannot be found to conflict with any pattern since there is no pattern applicable to a fourth year.

(PEB 253 Report at 51-52).

Additionally, PEB 253 addressed the LIRR's contention that a fourth year would upend the TWU Local 100 as the leader when negotiating successor agreements:

> We recognize that, historically, the BLET, BRS, IAM, and IBEW may not have been the leaders at the Carrier when negotiating successor agreements. The RLA does not, however, mandate that organizations that have traditionally been the leaders necessarily continue in that role in perpetuity and in a way that deprives other organizations from negotiating agreements of different length…. In fact, during this same round of bargaining, as can be seen from our review of the settlements at MNCR and the NYCTA and related properties, the length of agreements reached at a number of properties in the MTA family have varied in their duration, as well as in the timing of their wage adjustments, without claims that these variances violate pattern principles.

[1] All of these agreements contained provisions for: 1) health and welfare benefit contributions for new employees; electronic payroll; an enhanced bereavement allowance; and raising the entry pay step for "hard to recruit" titles. Additionally, each of the agreements contained a Side Letter indicating the parties' agreement to continue discussions on the LIRR's work rule reform proposals (some of which explicitly identified the rules to be discussed, including commingling and class of service rules).

(PEB 253 Report at 52).

Rather than disregard PEB 253's determination that a fourth year was appropriate and did not improperly break the pattern, in its Final Offer to this Board the LIRR has proposed a four-year contract. In light of this, in addition to the fact that both Parties have offered identical GWIs for the first three years of the contract, there is no "pattern" issue for this Board to consider. Rather, the issue to be decided is whether the Parties' respective economic proposals for 2026-2027 are reasonable. One component of that determination is analyzing GWIs bargained on other MTA properties and at other commuter railroads for 2026-2027.

At MNCR, six union settlements were reached between September 13, 2024 and August 22, 2025. While the GWIs and duration of these agreements varied, the LIRR maintained that their going out costs replicated the NYCTA/LIRR pattern. Three of these settlements, with the Association of Commuter Rail Employees (ACRE) Division 1, ACRE Division 9, and IBEW System Council No. 7, include the 2026-2027 year, with a 4.2% increase in the final year, but also include certain work rule changes.

Additionally, the Organizations introduced evidence of recent settlements in other commuter rail operations. This included agreements reached between Massachusetts Bay Transportation ("MBTA") and BLET, TCU, and IBEW; Southeastern Pennsylvania Transportation Authority ("SEPTA") and BLET and BRS; Virginia Railway Express ("VRE") and BLET; Caltrain and IAM; NJTRO and BLET; and the Northeast Illinois Regional Commuter Railroad Corp. ("METRA") and BRS. As shown on the Organizations' table below, the average yearly wage increases over the terms of these settlements range from as low as 4.1% to as high as

7.1%. The majority also show GWIs for July 2026 - July 2027, with five of the eight listed at 7% or higher.[2]

Table III – General Wage Increases – Commuter Railroads		
Settlement	July 2026-July 2027	Avg. Over Term
PATH	Open	Open
SEPTA – BRS, et.al.	7.00%	7.1%
SEPTA – BLET	7.00%	5.0%
MBTA – TCU	10.38%	6.1%
MBTA – BLET	8.48%	5.7%
MBTA – IBEW	10.14%	6.0%
METRA – BRS	4.75%	4.1%
CalTrain – IAM, et. al.	4.50%	4.8%
VRE - BLET	Open	4.6%
NJTRO - BLET	3.00%	4.3%
PEB 253 Report	4.50%	3.4%
Coalition's Final Offer	5.00%	3.5%

The Carrier continues to assert that the fourth year of this contract will set the pattern for the next bargaining round across the MTA family. According to the Carrier, if this Board accepts the Organizations' Final Offer of 5% for the 2026-2027 year, it will send the message to all the other MTA bargaining units that it is better to hold out and seek governmental intervention to resolve bargaining disputes instead of voluntarily reaching earlier resolutions of such disputes,

[2] The record does not clearly indicate what, if any, specific work rule concessions are included in the settlements in the table below. Ms. Coughlin testified that the MBTA-IBEW contract includes changes to health benefits and leave provisions. She also questioned whether the SEPTA settlements actually extended into contract year 2026-2027. In rebuttal, Mr. Roth maintained his characterization of the duration of the SEPTA agreements was accurate. He also calculated that the 2026 GWI in SEPTA-BLET agreement has actually increased to 8.1% in light of a recent one-year extension. Mr. Roth also noted that the leave enhancements in the MBTA-IBEW contract offset the increased health costs to employees. Finally, he acknowledged the METRA settlement involves the Brotherhood of Railway Carmen, not BRS, and that only a tentative agreement has been reached by the parties.

which erodes labor stability. The Carrier also insists that the reopener provision for the fourth year protects the Organizations if a higher 2026 benchmark is negotiated going forward.

The Organizations emphasize that since the Carrier is no longer arguing that a fourth year of GWIs will break a pattern, the Organizations now enjoy the freedom under the RLA to bargain for terms and conditions for a period beyond 2026 that take into consideration such factors as the impact of inflation. It also rejects the Carrier's assertion that the reopener provision provides it wage protection in the event the LIRR/SMART-TD or NYCTA/TWU Local 100 successor agreements provide for a GWI in 2026 greater than 3%. The Organizations describe this proposal as vague. As the Organizations' counsel questioned in his closing statement: "[I]f Local 100 gets 4 percent or 5 percent, but gives up certain work rules, how do we determine what's an equivalent value?"

This Board has considered the foregoing arguments and finds PEB 253's rationale persuasive that "[t]he RLA does not … mandate that organizations that have traditionally been the leaders necessarily continue in that role in perpetuity and in a way that deprives other organizations from negotiating agreements of different length." Just as some of the MTA-affiliated agencies chose to bargain for durations longer than the three-year settlements the LIRR entered into with SMART, NCFO, and IRSA, the Organizations should not be constrained by the Carrier's "benchmark" contention from seeking suitable compensation and working conditions for the fourth year. Whether the GWI for the fourth year ultimately becomes a floor or a pattern for the next round of MTA bargaining remains to be seen. Our primary consideration at this juncture is whether the respective GWIs in the Final Offers herein for 2026-2027 are reasonable, considering the comparable 2026-2027 GWIs discussed above, inflationary considerations, and the Carrier's insistence that any increases beyond 3% be tied to work rule changes.

The Carrier also contends that its 3% GWI is in line with historical precedent on the LIRR property:

> For decades, annual general wage increases for represented LIRR employees have clustered around (or less than) 3% range, with only rare exceptions. The last general wage increase at the LIRR of 5% was in 1990. The last general wage increase at the LIRR of 4% or more was in 2007, and prior to that in 1997. From 1988 through 2022 (the 35-year period preceding this contract period), the average annual general wage increase, even excluding years with no increase, was approximately 3.08% ... Against that history, a 3% general wage increase in 2026 would be standard and a 5% general wage increase in 2026 would be anomalous."

(Emphasis in the original.)

In response, Mr. Roth on behalf of the Organizations argues that the wage increases were relatively low in those years because inflation was also low, lower than during the period in question. Over time, real wage growth, or at least maintenance of real wages, has in fact been the consistent result of bargaining at the LIRR. We note that during the four years in question, inflation as estimated by PEB 253 has run at 4.45%, 3.42%, 3.43%, and 2.88% (or, according to the Organizations, approximately 3.2% in the last year), while the increases being discussed here are 3%, 3%, 3.5%, and then either 3% or 5%. In this context, the 5%, while on the high side, is not "anomalous."

The Carrier further argues that its lower GWI proposal is the more reasonable because the employees at the LIRR represented by the Organizations are already very well compensated. The Carrier notes that that PEB 253 specifically emphasized that "[t]here is no question that the jobs at the Carrier are good jobs" and that health benefits and retirement benefits are also excellent. Therefore, the Carrier reasons, this is not a situation where increases higher than would otherwise be anticipated are appropriate to raise up substandard wages. We agree with both PEB 253 and the Carrier on this point. These are well-paying jobs with excellent benefits, commensurate with the skills of the members and the high cost of living in the area. Recognizing this fact, however, does

not lead us to conclude that the members do not deserve to have their purchasing power maintained, not diminished, over the course of the current agreements.

The Carrier does not claim here that it is unable to afford the increases sought by the Organizations and in fact spent little time during its presentation before this Board on any difficulties the MTA might face in funding the increases. As noted by PEB 253, "At no point in the PEB hearings did the Carrier assert that there was a financial inability to pay for reasonable wage increases that were otherwise found to be appropriate. Unlike a number of prior periods, there was no claim and no showing that the MTA was in any dire financial straits." The Carrier does explain that "[t]he budgets and funding of all the MTA's operating agencies including the two commuter railroads are established through the MTA's Financial Plan that governs all agencies across the MTA family (the "Financial Plan"). The Financial Plan is a rolling five-year plan adopted every year in December for the following year. Projected out year deficits in the Financial Plan must be ameliorated prior to entering the budget year, since MTA is required, by statute, to operate on a self-sustaining basis."

The MTA Financial Plan only provides for a 2% increase in wages during the year in question here, pursuant to accepted budget-setting conventions used by the MTA. Once the pattern agreement is set, that wage figure will replace the placeholder 2% figure. The Carrier concedes that the process anticipates that the wage increases ultimately negotiated may well exceed 2% and the Staff Summary from the Office of the MTA Chief Financial Officer recommends that the Board "[a]uthorize adjustment of MTA budgets and forecasts to reflect labor settlements approved from time to time by the Board."

Only about 1/3 of the MTA operating budget comes from the farebox. The rest is derived from a complex variety of funding sources, although none from the federal government. It is

undisputed that ridership/utilization numbers are trending upward, although they are not back to pre-pandemic levels, as are fares and tolls. According to Mr. Dellaverson, some tax revenues are increasing; some are not. Recently available congestion pricing revenues are primarily earmarked for capital expenditures, although Mr. Roth observed that some labor costs are paid out of the capital budget and that having alternate sources for capital expenditures relieves the operating budget of covering those expenses. As of January 26, 2026, the MTA Finance Committee Performance Report showed a calendar year 2025 operating budget surplus of $765 million. Overall, it appears that the fiscal capacity of the LIRR and of the MTA has increased in recent years and in particular since the PEB 253 Report.

The above is not intended to be a detailed financial analysis. Rather it is offered to support our finding that there is nothing in the record to lead us to conclude that the Carrier cannot afford the increases proposed by the Organizations or that the burden on the City, the State, or the riding public would be excessive. As found by PEB 253, "After careful consideration of the submitted budget and financial information, we are persuaded that a modest and otherwise appropriate wage increase for 2026 for the Organizations is within the ability of the MTA/LIRR to pay, whether that increase is viewed solely by its effects on the costs of the Carrier or whether it is extended beyond in negotiations to other MTA entities."

Based on the foregoing, considering the importance of maintaining real wages over the life of the agreements, the settlements reached for the 2026-2027 period at other railroad properties, the comparison of the increases here with increases at the LIRR in the past, when matched against inflation, and the fiscal capacity of the MTA, we find that a 5% increase in the fourth year is not unreasonable. We are cognizant of the arguments made by the Carrier concerning the impact of this selection on the upcoming negotiations and the consistency between the Carrier's proposed

increase and past increases on this property. Whether a 5% increase, rather than a 4.5% increase, is necessary to preserve the employees' real wage growth, our choice here is between the 5% increase proposed by the Organizations and the 3% increase along with work rule changes offsetting the concomitant additional 1.5% "productivity increase" offered by the Carrier. We do not have the authority to propose a different increase. For the reasons stated below, however, we do not need to make our selection based solely on the size of the increases proposed by the Parties, as the Carrier's insistence on all of its work rule changes, in our view, makes its Final Offer the less reasonable of the two, regardless of the respective GWIs.

Work Rule Proposals

The Carrier's Final Offer includes seven work rule proposals that are proffered as support for a 1.5% productivity increase, which would bring the total GWI in the fourth year of the agreement to 4.5%. The Carrier characterizes the proposed work rule changes as "discrete," "focused," and "operationally significant." The proposed craft-specific provisions include reduction of penalties under Articles 2(b) and 2(l) of the BLET agreement, a Frontline Ambassador Customer Engagement Service ("FACES") proposal that would restructure TCU job assignments to increase customer service flexibility in stations, and for IAM, IBEW, and BRS, provision for subcontracting in certain circumstances. Additional proposals applying to all crafts include an 18-hour cap on continuous hours of work, permitting hiring above entry level for hard to fill positions, equalization of overtime, and up to 16 hours of computer-based training at straight time pay during off duty hours. The Carrier's Final Offer also includes the electronic payroll proposal included in PEB 253's Recommendations and enhanced bereavement leave which would permit employees to take bereavement leave over a longer period of time. Finally, the Carrier proposes to "stretch" the agreement an additional 1.5 months.

The LIRR and the Organizations have had differing views on negotiations over work rules throughout the negotiations. From the LIRR's perspective, the Organizations have refused to bargain over work rules. As Ms. Coughlin described it, the Organizations have refused to "engage in any discussions" regarding work rules thus preventing meaningful bargaining over the Carrier's work rules proposals and hindering the LIRR's efforts to continue to modernize its operations and offset GWIs. Mr. Dellaverson has "ascribed value" to each of the proposed work rule changes that would justify a 1.5% productivity increase.

The Organizations have consistently maintained that they are unwilling to accept work rule changes in return for GWIs sufficient to maintain employees' standard of living.

The work rule changes the Carrier proposed before PEB 253 overlapped, but were not identical to, the changes included in the Carrier's Final Offer. Before PEB 253, the Carrier proposed elimination of the penalty pay in Articles 2(b) and 2(l); cross-utilization of ticket selling employees and those who provide customer service represented by TCU; and modification of workforce scheduling rules for BRS, IBEW, and IAM. The Carrier also proposed modification of on-the-job injury rules, the assignment of computer-based training, and electronic payroll language for all crafts.

PEB 253 did not recommend work rule changes save for electronic payroll language, noting primarily that the Parties had not engaged in meaningful bargaining over the proposals and that the LIRR had focused on work rules primarily as a means to monetize enhanced GWIs. PEB 253 described the limited bargaining that occurred before the release from mediation:

> In this case, the Carrier ultimately made no formal proposals to BRS, IAM, and IBEW for work rules changes in this round after it became clear that those organizations had no interest in trading work rules for compensation. The proposed work rules to the BLET were made fairly late in the bargaining process and do not appear to have been discussed by either the Carrier or the BLET to any significant extent in bargaining. The record contains no information that would allow us to

> make an informed determination to recommend them… The proposed work rules to the TCU largely mirror provisions that were part of the TCU TA, and thus were discussed prior to February 9, 2024, but that TA failed ratification and, after that failure, the TCU opted not to agree voluntarily to work rules concessions and no longer sought to obtain the quid pro quos for those concessions that were part of the failed TA. Even the Carrier recognized to some degree the difficulty of obtaining those concessions in this round of bargaining when it offered the TCU a choice of either the "platform" agreement which contained no work rules changes or, in the alternative, its July 23, 2025 proposal that would have incorporated substantial changes in exchange for additional compensation.

(PEB 253 Report at 62-63).

After the PEB 253 Report, both Parties continued to display inflexibility concerning the conditions precedent to bargaining. The Organizations have continued to insist that potential work rule changes not be used to offset wage increases below what is necessary to maintain their standard of living. At the same time, the Carrier declined to put forward specific proposals before the Parties met, with the result being that there was no meaningful bargaining over work rules.

Turning to the specific work rule proposals included in the Carrier's Final Offer, the LIRR proposes to reduce penalty payments under Article 2(b) and Article 2(l) of the BLET collective bargaining agreement from eight hours of straight time pay to one hour of straight time pay. Under Article 2(b), an Engineer who operates both diesel and electric equipment during a single shift receives an extra eight hours of penalty pay (class of service penalty). Under Article 2(l), when an Engineer works passenger service and performs yard or equipment moves in the same shift the Engineer receives an extra eight hours of straight time pay (commingling penalty). If an Engineer operates both diesel and electric equipment during a single shift and works passenger service and performs yard or equipment moves during that same shift, the payments theoretically can stack,

resulting in an Engineer receiving straight time pay, a commingling penalty payment, and a class or service penalty payment or three full eight-hours of pay for working one shift.[3]

Ms. Coughlin explained that these rules date back to the 1920s and given modern equipment are an archaic rule-based penalty that bears no relationship to a modern workday. Labeling these penalty payments "an affront to responsible use of public funds," the LIRR maintains that the penalty pay that stems from these rules causes managers to make operational decisions to avoid the penalty pay, which causes inefficiencies, imposes a substantial administrative burden, and distorts operations. Ms. Coughlin explained that there are times when the LIRR can decide whether to pay the penalty or make a different operational decision, but there are other jobs built into the crew book that result in the commingling penalty being paid almost daily. The LIRR asserts that by reducing the penalty from eight hours to one hour, the premium payment would be preserved while permitting the Carrier to operate more efficiently.

The Organizations assert that these proposals were never advanced and bargained on their own merits and are proposed now only to offset proposed "productivity pay." The Organizations emphasize the limited bargaining over the proposed changes to these penalties and the Engineers' significant loss of real wages that will result. BLET observes that when the LIRR completed its East Side Access project which allows it to go direct to Grand Central Terminal, train service increased by 40% but the number of Engineers increased by only 16%. As a result of this short staffing, the Carrier has changed Engineers' assignments, tours of duty are longer, and Engineers are moved around more, leading to more penalty payments.

[3] There is no evidence in the record as to the frequency of the penalties being stacked.

In what was described by the LIRR as one of the pattern-setting agreements, SMART-TD and the LIRR agreed on a side letter in which they committed to continue discussing penalty payments for violating commingling and class of service rules, but there is no indication that an agreement has been reached. The 2021-2027 agreement with the Engineers on MNCR did not include any changes to penalty payments for operating both diesel and electric equipment during a single shift or for shifting between passenger, freight, yard and/or hostler service during the same shift.

According to the Carrier, the total cost of the class of service penalty in 2024 was $982,000 and the total cost of the commingling penalty was $1,435,000. The Carrier is proposing to eliminate 7/8th of both penalties, for a savings to the Carrier of $859,250 for the class of service penalty and $1,255,625 for the commingling penalty, a total of $2,114,875. Mr. Dellaverson testified that the Carrier would ascribe half of that savings to BLET, valued at about 1.6%, based upon its "view of what we're willing to pay…."

Mr. Roth testified that, when applying the GWIs recommended by PEB 253, the going out savings to the Carrier for the class of service penalty is approximately 1.52% and the going out savings for the commingling penalty is approximately 2.23%. Mr. Roth calculated further, and the LIRR did not disagree, that implementation of the decrease in penalty pay in both Articles 2(b) and 2(l), together with the computer-based training discussed below that Mr. Roth estimates would generate a going out savings of 0.26%, would result in total savings to the Carrier of 4.01%. This would represent a net savings to the Carrier of 2.22% when the 1.5% productivity increase is added to the calculation. When using PEB 253's assumptions regarding inflation, implementation of decreases to these two penalty payments would result in a 10.88% wage increase over the term of the agreement, or a 2.4% wage increase per year of the contract term. According to Mr. Roth, the

proposed decrease in penalty payments alone would result in an average loss of $4,325 per engineer or a ***decrease*** of 4% in wages for Engineers. The Carrier did not disagree.

In its Final Offer the Carrier proposes, for the first time, full implementation of the FACES program in the TCU agreement. The Carrier characterizes this program as one that would reorganize titles, pay rates, and the scope of work to enhance customer service in stations and increase productivity and operational flexibility. Specifically, FACES would create a three-tier structure, Customer Ambassadors, Clerks, and Agents, and consolidate rate structures for Clerks and Agents to support clearer roles and more consistent staffing. Among other scope adjustments the FACES program would eliminate higher rated "Agent Selling" jobs where those jobs duplicate ticket clerk coverage. This reorganization would allow the Carrier to reassign station work so that employees can assist customers outside of ticket offices throughout the station, including on the platforms. The FACES program would expand the starting time to 5:00 AM and create a PM agent to cover afternoon shifts, thereby reducing overtime. FACES would also reduce the Carrier's need to negotiate with TCU every time it needs to add workarounds for special events and other disruptions. The Carrier seeks the FACES program to provide it with flexibility to reassign employees out of ticket offices throughout the station to provide convenience to customers.

This proposal was not specifically and fully included in the Carrier's Section 6 notice, has not been presented to TCU until the proceedings before this Board, and was not in the tentative agreement that failed ratification. The LIRR and TCU did discuss some aspects of FACES, and the tentative agreement included a side letter agreement that would have continued discussions of cross-utilization of employees to sell tickets and perform customer service functions. In contrast

to the FACES proposal, the side letter expressly provided that "start and finish time and station location" would be unchanged.

No costing information was provided, though Mr. Dellaverson ascribed a value of 0.5% that would offset a portion of the 1.5% proposed productivity increase.

The Carrier proposes, again for the first time before this Board, a provision to be included in the BRS, IBEW, and IAM agreements that would allow it to contract-out work that is normally and customarily performed by employees covered by the agreements, under certain circumstances. Contracting out would be permissible, with notice to but without concurrence of the relevant general chairman, in emergencies including fires, floods, and heavy snow; or when the required completion time cannot be met with the skills, personnel, or equipment available on the property; or when the work cannot be performed by the Carrier except at significantly greater cost. Although the Carrier included a broad subcontracting proposal in its Section 6 notices, the General Chairmen of BRS, IAM, and IBEW indicated that the Carrier had not made a specific subcontracting proposal to them until its Final Offer before this Board and its last offer to the Organizations was a "platform proposal" that did not include work rules.

The Carrier suggests that this proposal is limited in scope and does not permit unrestricted contracting-out. According to the Carrier, the flexibility it proposes would create a tool to be used in instances where current circumstances prevent timely performance or where specialized capability is needed. The Carrier suggests that the subcontracting provision would be an operational reform that would improve responsiveness and efficiency and would result in similar contracting rules for other represented employees in the same operating division.

At present, any subcontracting requires the concurrence of the appropriate general chairman. Both Ms. Coughlin and Mr. Dellaverson gave the example of a $1.5 to $1.7 billion system expansion project to double track, which created an extra track to be used to avoid a disruption to service. The LIRR bargained with the affected organizations and reached an agreement to pay each of the affected employees for the period when contractors were on the property working on the double track project. The Carrier proposal would permit contracting out such large projects without first bargaining with the affected Organizations, giving it "permanent expansive flexibility" to subcontract.

According to the Carrier, this proposal is already included in the SMART Maintenance of Way agreement, and MNCR already has "more flexible contracting out language."

The Carrier has not provided costing information for its subcontracting proposal, but Mr. Dellaverson testified that the Carrier would ascribe 0.5% to IAM, IBEW, and BRS to offset the 1.5% productivity increase. He emphasized that no employee would lose money, but the Carrier would gain flexibility.

The Carrier also proposed for all crafts an 18-hour cap on continuous hours of work, permit hiring above entry level for hard to fill positions, equalization of overtime, and up to 16 hours of computer-based training at straight time pay during off duty hours.

The 18-hour cap on continuous hours of work would provide that no employee could work more than 18 continuous hours absent an emergency declared by the President of the LIRR or his/her designee. The Carrier characterizes this proposal as a safety and fatigue mitigation measure, particularly in customer-facing and safety-sensitive work. Mr. Dellaverson explained that employees with seniority can work available overtime hours without limitation under current work

rules. This can result in senior employees working overtime shifts that result in more than 18 hours of continuous service. Ms. Coughlin noted that the National Transportation Safety Board recommended a limitation on continuous duty several years ago. This language is included in agreements at MNCR with IBEW, SMART-SMW, and NCFO. The LIRR/SMART-TD side letter includes an agreement to continue discussions on a similar proposal. The limitation of 18 hours of continuous service was included in the TCU tentative agreement that was not ratified. Other than TCU, this provision was not specifically bargained and was never presented to the other Organizations in the Coalition.

The Carrier proposes a provision for all crafts that would permit it to hire new employees above the entry step at its discretion for hard to recruit titles. Describing this proposal as a "targeted recruiting tool," the LIRR suggests that it expressly does not reduce the time required to mature to top pay and requires advance notice to the Organization before the Carrier can hire above the entry step. This proposal would enhance the LIRR's ability to staff difficult-to-fill positions and increases bargaining unit members' pay while preserving the negotiated wage structure and progression that applies to the craft.

A similar provision has been agreed to for several crafts at both the LIRR and MNCR. In those agreements, once the Carrier hires above the entry rate, existing employees in the same wage step will receive an "equity adjustment" that places any lower paid existing employee in the same wage step as the new hire, and thereafter, employees will follow the normal wage progression. A similar provision was included in the TCU tentative agreement that failed to ratify. SMART-TD initially agreed to this language, not including the equity adjustment, but due to other agreements,

the equity adjustment has been extended to lower paid existing employees. The Carrier's Final Offer proposal before this Board does not include the equity adjustment.

The Carrier proposes that, to the extent practical, overtime be equalized among members of the craft. Because current contract language does not require equalization for most crafts, overtime often flows to a small group of senior employees. Overtime equalization would promote fair access to overtime opportunities and can reduce the safety and workforce management concerns that arise when the same employees are repeatedly extended and work long hours. This proposal would include a practicability standard that recognizes that operational needs vary by craft and location. The TCU tentative agreement that was not ratified included a commitment to negotiate overtime equalization. The SMART-TD side letter also included a provision to continue discussions about overtime equalization procedures, but there is no evidence that any agreement has been reached. No costing information was provided, but Mr. Dellaverson ascribed a value of 0.22% to this proposal that would offset the Carrier's proposed 1.5% productivity increase for all the Organizations except BLET.

Finally, the Carrier proposes that employees in all crafts complete up to sixteen hours of certain types of annual computer-based training outside working hours on personal devices at straight time compensation. Current rules require that mandatory training be conducted in person for a full day with backfill at overtime. The Carrier points out that some of this mandatory training can be delivered as effectively online and its proposal would reduce unnecessary disruption and provide a cost savings from not having to backfill the position at overtime rates. This proposal would pay employees up to an additional 16 hours of straight time pay per year for completing

certain types of online computer training during off duty hours. The computer-based training proposal has been included in agreements at MNCR. In past years, although not since these agreements became amendable, these Organizations entered side letters to permit computer-based state-mandated training to be done at home. The Organizations have not expressed specific opposition to the computer-based training provision, though the LIRR has engaged in bargaining only with BLET and TCU on this proposal.

The LIRR ascribes a value of 0.25% to annual computer-based training to offset the Carrier's proposed 1.5% productivity increase.

Finally, the LIRR proposes to extend the duration of the collective bargaining agreement by 45 days, or 1½ months, with an Amendable Date of August 31, 2027 instead of July 16, 2027 as recommended by PEB 253. The contract extension is a financing mechanism used to offset the 1.5% productivity increase. Citing the monthly cost attributed to this round of bargaining of 0.27%, Mr. Dellaverson multiplied that by 1.5 for the 1.5 months included in the extension of the Amendable Date and reached a cost of 0.4% for each craft, which he would put in a "bucket" with the work rule proposal savings to achieve a 1.5% savings to offset the proposed 1.5% productivity increase. That "bucket" would also include the cost savings "ascribed to" the reduction in the class of service and commingling penalties for BLET; the FACES program for TCU; the subcontracting proposal for IBEW, IAM, and BRS; the 18-hour cap on continuous hours of work; hiring for new hard to fill positions above entry level; overtime equalization; and computer-based training at home.

The Carrier's frustration with its inability to get the Organizations to bargain over work rules without preconditions it found unacceptable, as well as its desire to modify work rules to gain greater operational efficiency, are both understandable. This Board's selection of the most reasonable Final Offer, however, must take into account the lack of bargaining over, as well as the costs of, the BLET penalty payments in Articles 2(b) and 2(l); the FACES proposal to TCU; and subcontracting for IBEW, IAM and BRS—all of which weigh heavily against a finding that the LIRR's Final Offer is the most reasonable offer.

The LIRR's proposal to reduce the class of service and commingling penalties has been the subject of limited bargaining and will severely cut into Engineers' wage increases and leave them with wage growth that lags behind the increase in CPI-W over the term of the agreement. The LIRR intends decreases in penalty pay in Articles 2(b) and 2(l) to compensate in part for the productivity increase for the four other Organizations, as well as BLET, but would place the lion's share of the burden for that increase on the Engineers. The penalty pay proposal has not been the subject of meaningful bargaining and, when combined with the computer-based training proposal discussed above, would result in a savings to the Carrier of 4.01%. Mr. Roth calculates that with PEB 253's assumptions for inflation factored in, this proposal would result in a ***decrease*** of 4.33% in real wages for Engineers at the top rate, without the cost of the computer-based training. While the Carrier may have legitimate concerns about the impact of these penalties on its operational efficiency, the fact remains that the penalties have constituted a reliable source of compensation for Engineers for over 100 years. It is not reasonable for the Carrier to expect them to accept such a decrease in exchange for a 1.5% wage increase or to justify its wage increase by only including half of its savings (and half of the cost to the employees) in its calculation of the value of the work rule.

Portions of the FACES proposal were discussed and bargained over before the LIRR and TCU reached a tentative agreement that was not ratified. The result of that bargaining was that those portions of the FACES proposal that had been discussed were addressed in a side letter requiring further discussion. There had been some productive discussions of aspects of the FACES proposal on the local level, but the proposal before this Board, which encompasses a broad restructuring of the work performed by Agents and other TCU-represented employees, has been presented for the first time without any bargaining over the vast majority of the proposal.

There was no discussion with BRS, IAM, or IBEW about the Carrier's subcontracting proposal. Further, that proposal appears to be broader in scope than is acknowledged by the Carrier and includes expansive language that permits subcontracting without Organization approval for a variety of reasons, including where the Carrier asserts it can only perform the work itself at a "significantly greater cost." Additionally, the Carrier has acknowledged that it has been able to subcontract large projects, when necessary, such as the double track project, after consultation with the appropriate general chairman. As with the FACES proposal, the Carrier's subcontracting proposal to IBEW, IAM, and BRS includes no costing information and has not been specifically presented to or bargained with these Organizations.

The Carrier's proposal to equalize overtime for all of the crafts does not come with a specific cost savings to the Carrier, though Mr. Dellaverson ascribed a value of 0.22 to the proposal. The Carrier's suggestion that because overtime often flows to a small group of senior employees, equalization could reduce the safety and workforce management concerns that can arise when the same employees repeatedly work overtime does not, in our view, establish that the benefit to the Carrier's operational interests outweighs the employees' interests in determining the allocation of overtime.

Taken together, the LIRR's insistence on limiting penalty pay in Articles 2(b) and 2(l) for BLET, the introduction of the FACES program, the implementation of a subcontracting clause for IAM, IBEW, and BRS, and the equalization of overtime in exchange for a 1.5% productivity increase do not support a finding that the LIRR's Final Offer is the most reasonable offer.

We believe, however, the Carrier has shown that, with meaningful bargaining, proposals for off premises computer-based training, a cap on prolonged hours of continuous work, and hiring employees above the new hire rate for hard to fill positions, with an equity adjustment, could provide a benefit to the LIRR without significant cost to employees.[4]

We also note that negotiations for the next agreement will begin in about a year. The Parties will then have an opportunity to engage in more detailed and substantive discussions on all of the work rule proposals than have been held to date.

Based on the foregoing analysis of both the respective wage offers and the Carrier's work rule proposals, we find that the Organizations' Final Offer is the most reasonable offer. It is also the Final Offer closest to the Recommendation of PEB 253. While we agree that we are not bound by the Report and Recommendation of PEB 253, and we have in fact made an independent analysis of the issues before us, historically second PEBs have selected the offer that more closely reflects the recommendation of the first PEB that investigated the particular dispute. In the instant dispute, that offer is the Organizations' Final Offer.

[4] The Carrier has also proposed minor changes which include the transition to electronic payroll and a change to bereavement leave that provides a longer amount of time for employees to use their bereavement leave. The Organizations have included the electronic payroll in their final offer and have not expressed an objection to the enhanced bereavement leave.

VII. SELECTION OF FINAL OFFER

Based upon the above and the record as a whole, the Board finds that the Final Offer of the Organizations is the most reasonable offer.

VIII. CONCLUSION

In closing, the Board gratefully acknowledges the counsel and professional assistance rendered by John S.F. Gross and Andres Yoder of the NMB throughout this process.

Respectfully submitted,

Barbara C. Deinhardt, Chairman

Joyce M. Klein, Member

James M. Darby, Member

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Presidential Documents

Executive Order 14374 of January 14, 2026

Establishing a Second Emergency Board To Investigate Disputes Between the Long Island Rail Road Company and Certain of Its Employees Represented by Certain Labor Organizations

Disputes exist between the Long Island Rail Road Company and certain of its employees represented by certain labor organizations. The labor organizations involved in these disputes are the Transportation Communications Union, the Brotherhood of Locomotive Engineers and Trainmen, the Brotherhood of Railroad Signalmen, the International Association of Machinists and Aerospace Workers, and the International Brotherhood of Electrical Workers.

The disputes have not heretofore been adjusted under the provisions of the Railway Labor Act, as amended, 45 U.S.C. 151–188 (RLA).

An emergency board to investigate and report on these disputes was established on September 18, 2025, by Executive Order 14349 of September 16, 2025 (Establishing an Emergency Board to Investigate Disputes Between the Long Island Rail Road Company and Certain of Its Employees Represented by Certain Labor Organizations). That emergency board terminated upon submission of its report to the President. Subsequently, its recommendations were not accepted by all of the parties.

A party empowered by the RLA has requested that the President establish a second emergency board pursuant to section 9A of the RLA (45 U.S.C. 159a).

Section 9A(e) of the RLA provides that the President, upon such request, shall appoint a second emergency board to investigate and report on the disputes.

NOW, THEREFORE, by the authority vested in me as President by the Constitution and the laws of the United States, including section 9A of the RLA, it is hereby ordered:

Section 1. *Establishment of a Second Emergency Board (Board).* There is established, effective 12:01 a.m. eastern standard time on January 16, 2026, a Board composed of a chair and two other members, all of whom shall be appointed by the President to investigate and report on these disputes. No member shall be pecuniarily or otherwise interested in any organization of railroad employees or any carrier. The Board shall perform its functions subject to the availability of funds.

Sec. 2. *Report.* As provided by section 9A(f) of the RLA, within 30 days after the creation of the Board, the parties to the disputes shall submit to the Board final offers for settlement of the disputes. As provided by section 9A(g) of the RLA, within 30 days after the submission of final offers for settlement of the disputes, the Board shall submit a report to the President setting forth the Board's selection of the most reasonable offer.

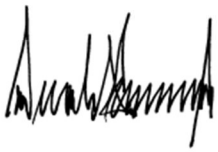
Sec. 3. *Maintaining Conditions.* As provided by section 9A(h) of the RLA, from the time a request to establish the Board is made until 60 days after the Board submits its report to the President, the parties to the controversy shall make no change in the conditions out of which the disputes arose except by agreement of the parties.

APPENDIX A—EXECUTIVE ORDER 14374

Sec. 4. *Records Maintenance.* The records and files of the Board are records of the Office of the President and upon the Board's termination shall be maintained in the physical custody of the National Mediation Board.

Sec. 5. *Expiration*. The Board shall terminate upon the submission of the report to the President provided for in section 2 of this order.

Sec. 6. *Costs of Publication*. The costs for publication of this order shall be borne by the Department of Transportation.



THE WHITE HOUSE,
January 14, 2026.

[FR Doc. 2026–01061
Filed 1–16–26; 11:15 am]
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