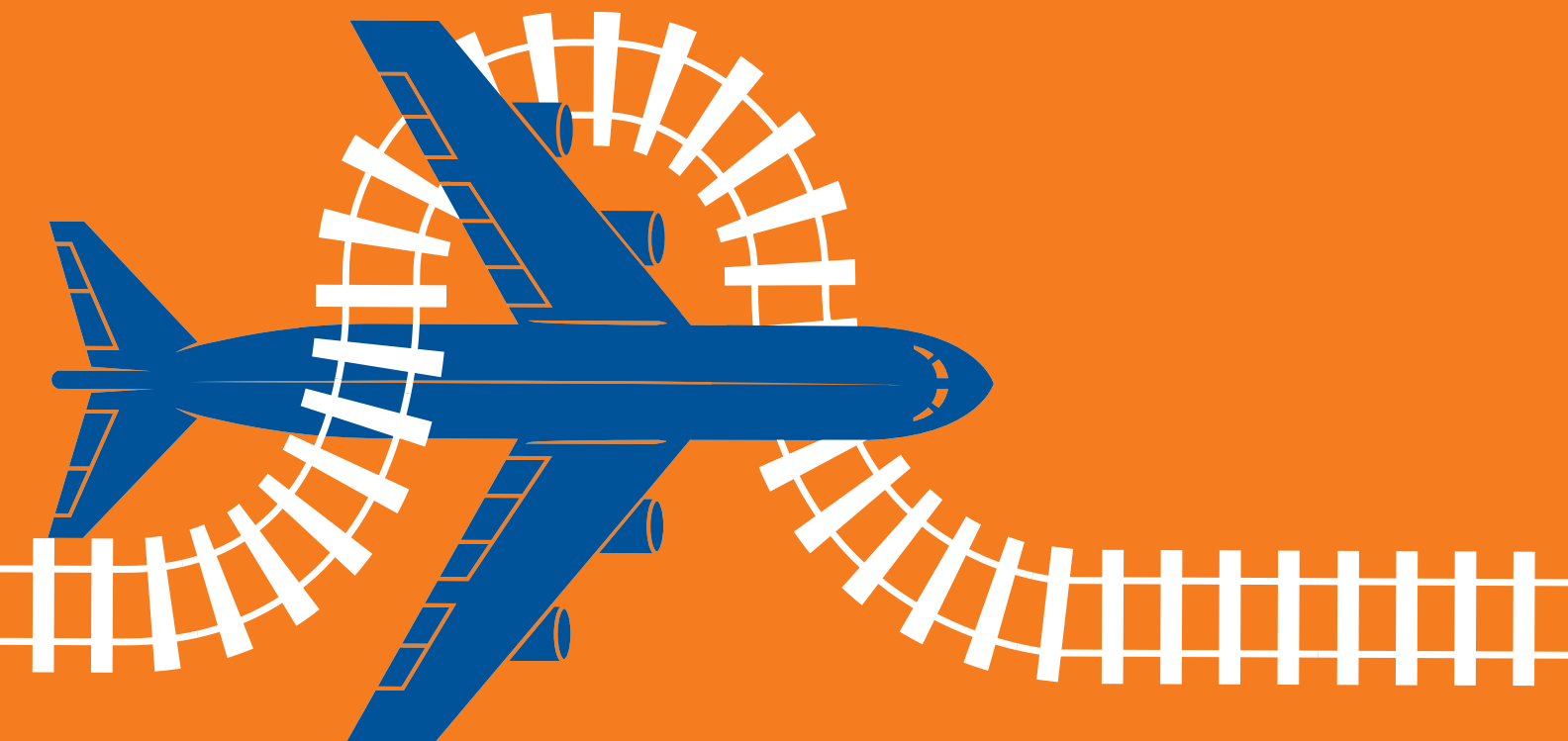


# MANAGEMENT DISCUSSION & ANALYSIS

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CHIEF  
OF STAFF  
LETTER

## November 16, 2015

FY 2015 was a year of significant service and exceptional performance across all of the Offices of the National Mediation Board. Case reports and descriptions of work in Representation, Mediation, and Administration are contained in the text of this report. In the background, behind the case numbers, are some special accomplishments in the areas of Information and Communication Technology (ICT), Section 3 (Arbitration), and Training.

The ICT staff worked with the Office of Arbitration Services, the parties, and the arbitrators to completely revitalize the Arbitrator Work Space (AWS), the one-stop shop for arbitrators and parties engaged in arbitration under the Railway Labor Act. The old AWS was a model for online access to case information, arbitrator caseloads, and for tracking and compensating work by the arbitrators who hear and decide cases in the railroad industry. The new AWS extends the functions of the old system and incorporates controls that significantly improve the delivery of arbitrations services to the parties.

As Section 3 enters FY 2016, significant changes and improvements in the Section 3 process are in place and tracked by the AWS. All cases are now on a pay-per-case basis, allowing for accurate budgeting, and allowing for maximum flexibility in scheduling for the arbitrators. All cases funded before FY 2014 have been decided or withdrawn, leaving the system with no case over 3 years old - this is a condition that has not existed in living Section 3 memory. By the end of FY 2016, all cases funded in FY 2014 will have been cleared, and all cases funded in FY 2015 will be well on the way to being cleared. This will mean that, with new guidelines in place and tracked by the AWS, the maximum "case life" from funding to decision will be 210 days. This has never before been the case in the history of Section 3.

There are challenges left to address. Reduced funding and increased activity by the parties mean that there is beginning to be a backlog of cases waiting to be funded. For this reason, we are calling FY 2016 the "Year of Innovation" in Section 3. Focus groups and working groups made up of representatives of the NMB, the arbitrator community, the carrier grievance handling community, and the organization grievance handling community, will meet and work to find ways to streamline, improve, and reinvent the Section 3 process to ensure that grievances are handled as quickly and fairly as possible.

During FY 2015, ICT and the Office of Arbitration Services continued to work together to make available to the parties an array of online tools to handle grievances without incurring the cost of travel. Web video continued to be available, and during FY 2015 the NMB inaugurated a "documents only" arbitration platform that allowed the parties and the arbitrator to exchange documents and discuss cases using a secure, asynchronous text-based platform that obviated the need to schedule hearings. Both systems remain available in FY 2016.

The Office of Mediation Services and the Office of Arbitration Services collaborated during FY 2015 to make significant strides in the NMB's Grievance Mediation program.

Grievance mediation is significant because cases handled in mediation do not constitute part of the backlog of cases in the system, and they greatly reduce the cost of grievance handling to the parties and to the NMB. In FY 2015, grievance mediation resolved 216 railroad cases that were already in the NMB Section 3 system, and further resolved many cases that had not yet been filed with the NMB.

Railroad grievance handlers estimate that each case taken to arbitration costs the carrier approximately one thousand dollars (\$1,000), and costs the organization approximately two hundred and sixty dollars (\$260). Using these approximate figures, grievance mediation saved the carriers \$216,000 during FY 2015, and grievance mediation saved the organizations \$56,000 during FY 2015. If one takes into consideration the approximately 300 cases resolved before being filed for arbitration, the figures are considerably higher: over half a million dollars in savings for the carriers and over one hundred thirty thousand dollars in savings for the organizations. Significantly for the NMB, clearing the cases in grievance mediation meant that \$136,000 saved by resolving in mediation could be used for other cases in line for arbitration.

In the airline industry, the parties pay the arbitration costs, so the NMB realizes no immediate financial advantage. However, if one calculates the cost of arbitration for the carriers and organizations in the airline industry, the 508 cases resolved in grievance mediation constitute a significant savings to the parties.

Finally, in FY 2015 the NMB continued its innovative training and development partnerships. Agreements with Dominican University, a professor at Temple University, and the Northern Virginia Mediation Service allowed NMB employees to take training and academic courses for no fee. In the case of Dominican University, NMB employees continue to be able to enroll in a master's degree program for half price, with two courses free.

CHIEF  
OF STAFF  
LETTER  
CONTINUED

At Dominican University, in FY 2015, four NMB employees were enrolled in the master's program as a way to further their education in dispute resolution with classes directly applicable to their work at the NMB. 15 NMB staff members were able to take mediation and negotiation courses for no charge, a savings in training costs to the NMB of approximately \$25,000. Further, faculty at Dominican delivered specialized training to the NMB at no charge, saving a further \$8,000. The Dominican IT staff produced a series of video programs on arbitration issues, with recording and editing services, at no charge. And, finally, the Dominican Business Administration Graduate School engaged students in a project to develop a public outreach approach to increase the use of grievance mediation. In exchange, the NMB teaches the mediation and negotiation classes for Dominican (which are mandatory basic training for our mediators), which is a developmental exercise for the mediators as well as a learning experience for students.

The Temple University professor with whom the NMB has a reciprocal agreement is one of the acknowledged experts in conflict coaching, a subject directly related to the work of the NMB. The professor brings her coaching training to the NMB, allowing NMB staff to attend for no charge. This has meant training cost savings of approximately \$18,000 in FY 2015.

Northern Virginia Mediation Service, a local community mediation center, offers training at the NMB, and reserves space for NMB staff at no charge. The NVMS courses cover a range of conflict resolution issues, all of which are directly applicable to the work of the NMB. Over the course of FY 2015, this arrangement has resulted in training cost savings of approximately \$1,000.

As we look back to FY 2015, I can again say that the NMB has used innovative approaches across all of its mission areas to deliver service to the parties and use public money wisely. As we move into FY 2016 - the "Year of Innovation" - we look forward to creatively meeting the challenges of maintaining the Board's traditionally high level of performance.



**Daniel Rainey**  
Chief of Staff

## MEDIATION & ADR

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

## MEDIATION OVERVIEW

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

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

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

## MEDIATION HIGHLIGHTS

Mediation activity for collective bargaining agreements was robust in FY 2015, and in a wide range of cases. Mediators effectively used their skills to assist parties in finding ways to bridge their disputes and reach agreement. Agreements were mediated in the airline sector with mainline, regional and low cost carriers, and in the rail sector with freight and commuter lines. Challenges at the bargaining table included consolidating agreements after mergers; working with limited public funding; and dealing with health care changes.

### Settlements

In the airline sector, settlements were reached between Alaska Airlines and AFA and at Southwest Airlines with the IAM. In the rail sector, the Long Island Railroad and Metro North Railroad reached agreements this year with their unions, as did the Grand Trunk Western Railroad and SMART, and SEPTA and the BLET.

### Pending Cases

We continue to work with United and IBT mechanics and related classifications and United and its AFA Flight Attendants on merged collective bargaining agreements, as well as on contracts with UPS and its IPA pilots and mechanics. On the rail side, Metra, MAP, BRS, IAM, IBEW, NCFO, SMART, and other Class II Railroads continue to bargain with unions on their properties.

## MEDIATION CASES

### START PENDING



### NEW



### SUM



### CLOSED



### END-PENDING



\*The Mediation Department completed a changeover from a manual to an automated case management system in Fiscal Year 2015. After the changeover was complete, the audit revealed an error in the old system which resulted in incorrect case numbers

## ADR OVERVIEW

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

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

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

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

## ADR HIGHLIGHTS

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

### Training

ADR Services has seen interest grow in its pre-negotiation training and in mediation skills training for internal organization self-help use. Skill at instructing has been a by-product of the Agency's partnership with Dominican University where teaching mediation and negotiation courses turns into a learning opportunity for the mediators who teach the courses. In FY 2015, mediator teams developed and delivered three presentations on mediation models at the Association of Conflict Resolution Conference.

### Facilitation

Mediators have been active on several properties using facilitation to help parties reach resolution to their disputes. United and AFA initially used a facilitated approach to merge their agreements, facilitation was used at CSX with the BRS to align multiple regional agreements, and at Virgin America as it negotiates an initial agreement with its TWU represented flight attendants. With each experience, the NMB's knowledge base grows, and best practices from the process increase to the parties' benefit.

### Grievance Mediation

Interest in Grievance Mediation continues to grow with the parties we serve in both the air and rail sectors. Activity in the rail sector has helped reduce the case load in the NMB's Arbitration Department, and serves to quicken the resolution of grievances. Grievance Mediation has served to solve problems before they become grievances, and helped to clarify issues ahead of bargaining.

### Online Dispute Resolution

In cooperation with the Arbitration Department and the Dispute Resolution Program at Dominican University, a new Info Series is now on line that highlights areas of interest to the railroad industry. 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 two sessions are now available; "Hearing Expectations of Arbitrators" and "How Arbitrators are Selected by the Parties."

### Partnerships

In partnership with Dominican University, the ADR staff designs and delivers trainings and presentations that provide quality training and complement employee's and student's career development alike. The partnership has successfully created shared value for all participants. The NMB's Info Series on Arbitration is one example of shared value with Dominican University. The NMB provides content, and Dominican handles the video and editing. Both share use of the videos developed.

## ADR CASES

### START PENDING



### NEW



### SUM



### CLOSED



### END-PENDING



\*The Mediation Department completed a changeover from a manual to an automated case management system in Fiscal Year 2015. After the changeover was complete, the audit revealed an error in the old system which resulted in incorrect case numbers

## ADMINISTRATION OVERVIEW

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.

## ADMINISTRATION HIGHLIGHTS

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

### Continuity of Operations

The NMB participated in the Eagle Horizon 2015 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 2015 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.



## ADMINISTRATION HIGHLIGHTS

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

### Travel

The NMB currently uses the Concur Government Edition (CGE) Travel Services. CGE is an electronic online system which reduces the per-ticket cost for travelers. This system provides an electronic process for authorization, vouchers, and reimbursement. The NMB entered into a new agreement with Duluth Travel Inc., to serve as the agency's Travel Management Company.

### 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 2015, the NMB completed development of a new Knowledge Store interface that speeds recovery of documents, improves the search engine, makes it possible for parties to engage in "direct deposit" of new cases, and frees the data to reside in the new cloud environment created by the agency.

### Sustainability

The National Mediation Board is committed to reducing greenhouse gases in accordance with Executive Order 13514 (E.O.). During 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, 38 out of 44 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.

**PERFORMANCE  
PLAN &  
RESULTS (GPRA)**

**STRATEGIC  
PLAN  
GENERAL  
GOAL 1  
MEDIATION  
& ADR**

This report contains FY 2015 accomplishments of the National Mediation Board relating to goals and objectives for Mediation and Alternative Dispute Resolution; Representation; Arbitration; and Administration. These accomplishments enabled the NMB to meet its statutory obligations and provide services to its airline and railroad labor, management and public customers.

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

**FY 2015 Accomplishments:**

NMB standards applicable to processing and managing cases involving major disputes were consistently met in FY 2015. Case processing benefited from introduction of the Agency's Mediation Case Management System to track cases from application to closure.

Case management was accomplished as planned with mediators utilizing appropriate techniques at the table with support from senior mediators acting in an oversight role. Quarterly reviews of cases one year old or older by Board Members and senior mediation management insured that parties to the process received assistance appropriate for their case.

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

**FY 2015 Accomplishments:**

New mediator training was redeveloped and enhanced during FY2015 to insure it met NMB standards. The Agency's new mediators are benefiting from a comprehensive program monitored by the senior mediators that includes orientation to the Agency, training in mediation and negotiation through the NMB's partnership with Dominican University's program in Conflict Resolution, training in Conflict Coaching, shadowing mediators as they work cases and integrating into the mediator corps through attending professional conferences and mediator meetings.

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

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

**FY 2015 Accomplishments:**

The Agency completed a comprehensive review and update of all of its ADR programs in FY 2015. It is translating its general mediation and negotiation training developed for Dominican University to industry specific training for air and rail to use for internal dispute resolution purposes. Mediators who participate in more innovative alternative dispute resolution training return to debrief the entire mediator corps on what they have learned. 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, parties have used ADR tools to integrate multiple 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 2015 Accomplishments:**

The Agency continues to explore uses for online dispute technology. Mediators make use of WebEx technology to remotely share language and discuss proposals, and electronic flip charting was effectively used by the parties to reach agreements in complex cases merging multiple agreements, to track changes in language, and to share information. Using an asynchronous, text based platform, arbitrators and parties in the Section 3 process were able to submit, discuss, and decide cases with no travel and no synchronous meetings.

**STRATEGIC PLAN  
GENERAL  
GOAL 2  
REPRESENTATION**

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

**FY 2015 Accomplishments:**

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

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

**FY 2015 Accomplishments:**

Each OLA staff member updated his or her Individual Development Plan (IDP). Each year OLA employees meet with their manager to update or develop a plan to enhance career related skills. In FY 2015 OLA staff took classes related to the Freedom of Information Act (FOIA), government ethics, records management, procurement, the Railway Labor Act, and conflict resolution.

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

**FY 2015 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 and recent Presidential Emergency Boards. 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 2015 pocket part supplement of the third edition of this treatise. OLA attorneys are active in the American Bar Association's Labor and Employment Law Section serving as Railway and Airline Labor Law Section's Diversity Liaison to the Committee and as the Public Vice Chair of the Bloomberg BNA Treatise Committee for ABA.

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

**FY 2015 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 two Presidential Emergency Boards.

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

**FY 2015 Accomplishments:**

OLA conducted semi-annual reviews of the Representation Manual and website, updating where appropriate.

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

**FY 2015 Accomplishments:**

OLA conducted a test of voice recognition software for use during investigations and drafting representation determinations. OLA also researched other cost and time saving mechanisms in taking employee statements during interference investigations. OLA continues to explore procedures to use electronic delivery of voting instructions.

STRATEGIC  
PLAN  
GENERAL  
GOAL 3  
ARBITRATION

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

**FY 2015 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/arbitration 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 2015 Accomplishment:**

NMB worked with the outside professional associations to increase the diversity of its applicants for the NMB's Arbitrators roster. NMB participated in an arbitrator training program with Dominican University and several railroads and labor organizations to introduce more arbitrators to railroad arbitration

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

**FY 2015 Accomplishment:**

The NMB met with the Arbitration Forum several times during FY 2015 to discuss innovation to improve the program. NMB also continued its review of all grievance mediation cases.

STRATEGIC  
PLAN  
GENERAL  
GOAL 4  
ADMINISTRATION

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

**FY 2015 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 2015 Accomplishment:**

The NMB worked with BFS to ensure that required financial reporting is prepared and submitted timely. The NMB worked with BFS to ensure that 98% of payments were paid timely and accurately.

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

**FY 2015 Accomplishment:**

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

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

**FY 2015 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 2015 Accomplishments:**

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

## ARBITRATION OVERVIEW

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.

## ARBITRATION HIGHLIGHTS

The Office of Arbitration Services directed its attention to promoting a more efficient Section 3 process, thereby fostering faster resolution of minor disputes (grievances). The NMB made a well-received move in this regard during FY 2015 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 6,247 cases pending at the end of FY 2015 is 1,114 more than cases pending at the end of FY 2014. 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 improvement of the Arbitrators' Caseload Report and the introduction of the new Waiting List Report on the NMB website.

During FY 2015, 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 maintained the same level when compared to the activity in FY 2014. During FY 2015, the parties brought an estimated 3,816 cases to arbitration compared to 4,313 cases in FY 2014. In FY 2015, an estimated 2,702 cases were closed compared to 2,946 in FY 2014, leaving 6,247 cases pending at the end of FY 2015.

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 3 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 2015, 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 labor organizations. During FY 2015, Arbitration Services made presentations at a meeting of Class-I freight railroads and labor organizations. The NMB anticipates continuing this initiative during FY 2016. The NMB had several grievance mediation cases with carriers in the railroad industry during 2015.

### Arbitrator Productivity

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

The Agency improved its already successful program of using the NMB website as a source for many of the forms and documents needed by arbitrators and the parties. The NMB used the website to keep the parties and the public informed regarding Section III activities. Arbitrators, parties, and the public use the website to obtain information and forms instantaneously. In FY 2015, 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 National Railroad Adjustment Board Open Case Report on the website. This report lists all of the open cases at the NRAB. With this report and the Arbitrators Caseload Report, the NMB's entire Section 3 caseload is on the NMB website ([www.nmb.gov](http://www.nmb.gov)).

**ARBITRATION  
HIGHLIGHTS  
CONTINUED**

### **Conversion To A Pay-Per-Case Compensation**

During this fiscal year the NMB changed its compensation and began paying the arbitrators 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 2015, the Office of Arbitration Services commenced a new info series on Arbitration and Section 3 topics. Using the NMB's Lyceum, the NMB posted several information film segments on various topics and issues in arbitration under the Railway Labor Act.

In August, the NMB created an information segment entitled "Hearing Expectations of Arbitrators" using several well-known railroad arbitrators. The NMB also 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 2016.

## ARBITRATION\* CASES

### START PENDING



### NEW



### SUM



### CLOSED



### END-PENDING



\*The Office of Arbitration Services conducted an audit in Fiscal Year 2015. The audit revealed an error in the old system which resulted in incorrect case numbers