

CONDUCTOR PROMOTION AND PERFORMANCE BONUS PAYMENTS

Issues:

- UTU seeks a certification allowance similar to that obtained in the freight settlement and/or in various commuter contracts across the country.
- Amtrak needed modifications to the rule to ensure that employees will not simply forgo compliance with federal requirements on Conductor Certification; that they will maintain certification and associated qualification requirements.

Changes to the Amtrak – UTU Conductor Promotion Rules

- Add requirement that employees successfully pass physical characteristics training and that they obtain certification.
- Add a requirement that employees must maintain federal certification as a condition of employment.
- Establish a performance bonus to encourage maintaining full qualifications for use as a conductor in order to ensure adequate available manpower to operate the service.
- Establish a performance bonus to encourage employees to obtain and remain on Conductor positions, which will minimize movement and reduce conductor vacancies.

Costs/Savings

- \$250 Annual bonus for successful fulfillment of promotion to conductor, obtaining qualifications and certification.
 - Payments made to current employees for successful completion of Conductor Training Class and/or recertification:
 - 1,600 employees - \$400,000 payable in March 2014
Note: 1750 promoted conductors on Amtrak. 150 are within 3 years of retirement, are not working as Conductors and are not anticipated to attend class and bring qualifications up to date in order to qualify for this payment.
 - Return on Investment
 - Promoted conductors must keep their certification updated as a condition of employment
 - Eliminates potential for employees to forgo fulfillment of certification requirements and simply work as assistant conductors.
 - Retains services of more experienced employees that will have a direct and positive impact on operations.

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- Will reduce need to hire and train employees as Conductors beyond normal attrition. Promoted Conductors make up approximately 20% of the current assistant conductor population (150). If this number elected to forgo annual certification, Amtrak would lose the ability to utilize these employees as conductors and would be required to increase manpower assigned to conductor extra boards by approximately 30 employees and hire and train replacements at the following cost:
 - 6 Weeks classroom training time \$115,000
(\$16 per hour X 30 employees X 40 hours)
 - 8 Weeks On-the-job training time \$153,600
(\$16 per hour X 30 employees X 40 hours)
- Retains the pool of certified Conductors, available to be utilized to fill vacancies and perform extra work in fulfillment of operational requirements.
- Performance incentive bonus of \$500 each 6 months to eligible employees who meet the requirements set forth in the plan. Payments commence upon completion of the 6 months performance periods identified in the plan.

While there are approximately 1,750 promoted conductors, there are only 1,300 conductor assignments. As a result, the maximum potential cost would be \$1.3 million annually.

Additionally, records indicated that approximately 1,000 employees remain in Conductor status for the six month segments identified, reducing the potential cost to \$1 million.

Further, records indicate that during each 6 month segment, between 540 and 625 employees obtain the 118 compensated days necessary to qualify for the payments, further reducing the expected cost to \$895,000 annually.

- Return on Investment
 - Must fulfill service requirements to be eligible for payment
 - Facilitates filling conductor vacancies. Amtrak averages approximately 60 conductor positions advertised on a weekly basis. Estimating that half of those advertised positions (30) are vacant, and assuming just 25% of these positions are filled with employees at the overtime rate, (7.5 positions) the annual savings in premium pay is approximately \$250,000.

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- Potential reductions in need for additional staffing. Reduction in the number of vacancies can reduce extra board staffing needs. While compliance with new federal regulations on hours of service are expected to increase manpower needs, potentially, the modifications to this rule could save approximately 15 positions nationwide valued at approximately \$1 million on an annual basis.
- Other factors
 - Based on historical data, disciplinary action will reduce the potential number of employees qualifying for the bonus payments by 9% (\$90,000 per year).
 - Provision should facilitate more attentive performance to retain eligibility. Positive impact on safety, train operations and customer service.
 - Potential reduction in discipline could reduce administrative costs associated with the discipline process.

April 9, 2013

Costs and Savings Scenarios Associated with UTU Conductor Promotion & Performance Bonus

	FY 13- 5/1 to 9/31/13	FY14	FY15	FY 16	FY 17 & Continue
Costs - Am Cert. (Level 1 - \$250)	0	\$400,000	\$400,000	\$400,000	\$400,000
Less Savings for Utilization	0	(\$268,000)	(\$268,000)	(\$268,000)	(\$268,000)
Costs - Bonus Level 2 (\$1000)	0	\$312,500	\$895,000	\$895,000	\$895,000
Less Savings for Utilization	0	(\$1,250,000)	(\$1,250,000)	(\$1,250,000)	(\$1,250,000)
Net Cost/Savings		(\$855,500)	(\$223,000)	(\$223,000)	(\$223,000)

April 10, 2013