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March 19, 2024

Via Electronic Filing

The Honorable Martin Oberman, Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

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The Honorable Karen Hedlund, Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

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March 19, 2024
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The Honorable Patrick Fuchs
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

The Honorable Robert Primus
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

The Honorable Michelle Schultz
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

Re: **Docket No. EP 770(1) – Urgent Issues in Freight Rail Service---Railroad Reporting**

Dear Chairman Oberman, Vice Chairman Hedlund, Board Members Fuchs, Primus, and Schultz,

While Union Pacific is disappointed in the Surface Transportation Board's March 13, 2024 decision denying Union Pacific's Motion for Protective Order, in compliance with that decision Union Pacific is submitting public versions of its February 15, 2024, February 29, 2024, and March 13, 2024 submissions as directed by the Board. Please contact me if you have any questions.

Regards,

Jennifer L. Galer

Enclosure

cc: Ms. Cynthia T. Brown, Chief, Section of Administration, Office of Proceedings

Surface Transportation Board

Docket No. EP 770 (Sub-No. 1)

Urgent Issues in Freight Rail Service-Railroad Reporting

Union Pacific Railroad Company

Second Interim Update

February 29, 2024

Union Pacific EP 770(1) Second Interim Update

The Surface Transportation Board ("STB" or "Board") directed Union Pacific to file an interim update to Union Pacific's Revised Service Recovery Plan ("Revised Plan") filed in late June 2022, to identify (1) labor force targets for employees actually on the job by July 1, 2024 and December 31, 2024; and (2) updated plans to incentivize hiring and retention. This interim update will highlight any updates or changes from previous reporting.

Workforce Sustainability

A. Labor Force Targets

Union Pacific continues to position our company for the future by planning a workforce pipeline that accounts for attrition, growth, and demand.

Based on internal analyses of existing circumstances, and factoring in attrition and projected demand, Union Pacific's current workforce levels are consistent with organizational needs. Union Pacific's goals are regularly adjusted as a variety of market factors change, and actual headcount will vary based on attrition, volume needs, traffic mix, and changes in work performed.

	Projected Workforce Levels July 1, 2024 (Active Employees)	Projected Workforce Levels December 31, 2024 (Active Employees)
L300 - Maintenance of Way and Structures ¹	~ 7,775	~ 7,775
L400 - Maintenance of Equipment and Stores ²	~ 4,400	~ 4,400
L600 - Transportation (Train & Engine) ³	~ 13,500	~ 13,500
Crew Management Service	~ 131	~ 131
Customer Care & Support	~ 151	~ 151
All Remaining Personnel ⁴	~ 5,100	~ 5,100

Consistent with its June 23, 2022, Revised Service Recovery Plan, Union Pacific is reporting its Crew Management Service Employees and Customer Care and Support Employees as customer service employees requested by the Board. In November 2023, Union Pacific completed organizational streamlining and internal reorganization, which shifted some employees previously reported within the Customer Care & Support hierarchy to other departments (yet still performing customer-centric roles) and

¹ Union Pacific defines "Active" Engineering employees as those assigned to a non-trainee position, who are in an active status, and available to work.

² Union Pacific defines "Active" Mechanical employees as those assigned to a non-trainee position, who are in an active status, and available to work.

³ Union Pacific defines "Active" TE&Y employees as those available to work and not in a recall or training status.

⁴ Union Pacific did not provide an aggregate number forecast for this category in its Revised Service Recovery Plan or first Interim Update, as supplemented. This category includes Union Pacific's L100, L200, and L500 employees, less those employees reported as Crew Management Service Employees and Customer Care and Support Employees. The actual number of employees in this category for December 2022 was 5,474, for April 2023 was 5,492, and for December 2023 was 5,162.

expanded spans of control for some positions to further empower decision making. These forecast numbers account for current organizational structuring.

B. Hiring and Retention

Union Pacific will continue aggressive recruitment as the labor market continues to be strong. In addition to the programs already initiated and implemented (as referenced in Revised Plan and previous interim updates), Union Pacific has made the following updates:

(1) Recruitment

Union Pacific continued expansion of its Second Chance hiring program, which gives employment consideration to formerly incarcerated individuals, individuals in recovery, or others whose life paths have put them at a disadvantage in obtaining stable employment. Union Pacific is using this program in 17 locations across the network through over 100 community partnerships.

(2) Hiring

Union Pacific has developed specific hiring incentive programs due to the tight labor market and has paid over \$32 million in incentives.

Below are the current hiring incentive programs:

- **Train, Engine & Yard (“TE&Y”) Travel Allowance:** Encourages new hires to accept employment at a jobsite that is greater than 300 miles from their home of record. This incentive is available across the network with the incentive amount ranging from \$2,500 to \$5,000 and is payable in five installments over the course of a year.
- **New Hire Bonus for TE&Y in North Platte, NE:** Increases Union Pacific’s competitiveness in a difficult market. This program provides a \$15,000 bonus paid in five installments.
- **Employee Referrals:** Employees can refer external candidates for positions at the company through our applicant tracking system. From January 2022 through October 2023, the program offered cash bonuses of up to \$1,000 for employees successfully referring external candidates to roles within the company. The program yielded 2,397 employee referral hires and paid over \$1.5 million in bonuses.
- **New Recruiting and Onboarding Systems:** Improved the candidate pipeline and onboards employees faster. These changes reduce the average time to complete an application by approximately 70%, equip recruiters with the ability to text applicants, and provide 24x7 support to applicants via a chatbot on up.jobs.

(3) Retention

Union Pacific offers a comprehensive benefits package to retain its employees and continuously evaluates additional benefits it can offer to all employees, subject to collective bargaining obligations.

- **Quality-of-Life Initiatives:** In 2023, Union Pacific entered into paid sick leave agreement with all of its unions. Union Pacific is currently implementing scheduled off days for its engineer craft throughout its system and continues to negotiate a work-rest agreement with its train person craft. Union Pacific has also reached agreements creating ground-based utility positions

that are regular assignments with predictable schedules. Union Pacific will continue discussing and working on different ideas addressing quality-of-life needs.

- **Craft Professional Retention to Support Service:** Furloughed employees maintain health and welfare benefits at no cost for a period of 4 months after being furloughed. Additionally, Union Pacific has agreements in place covering approximately half of its train service workforce that can reduce employee's full-time status work requirements while allowing the employee to retain full employment status and benefits with Union Pacific. Training and working in this modified board status also shortens the time in which an employee can return to full-time status compared to the time required to recall employees from furlough. Union Pacific continues to discuss other buffering mechanisms with its operating crafts to ensure that it maintains an adequate buffer to handle changes in traffic demand.
- **Employee Stock Purchase Plan:** Union Pacific established a new Employee Stock Purchase Plan (ESPP) in mid-2021, allowing all employees to become owners by buying shares of UP stock (UNP) through payroll deductions. Each month, ESPP participants receive a 40% company match of up to 5% of their base compensation, with a contribution limit of \$15,000. Currently, 32% of our employees participate in this benefit. Agreement employee participation in the program includes almost 7,800 employees, an increase of 1,300 since June 2022.
- **Educational Assistance Partnership:** In mid-2020, Union Pacific established an innovative Educational Assistance preferred partnership with the University of Nebraska at Omaha (UNO) to attract and retain employees. This enhanced benefit was expanded in late-2022 to offer associate degrees at Metropolitan Community College and provide all employees taking courses: 1) a dedicated enrollment concierge team, 2) no limit on annual credit hours or dollars, 3) company payment of typical enrollment related fees, and 4) pre- paid tuition so employees do not have to wait to be reimbursed. To date, nearly 500 employees across Union Pacific's 23-state system have become UNO students. The expansion of this program is expected to increase the level of agreement employee participation.