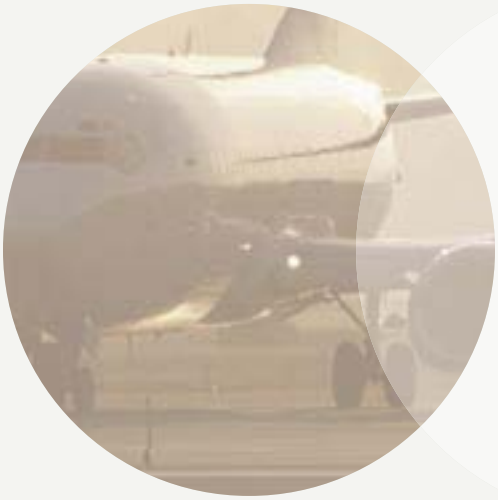

MERGING
TECHNOLOGY
&
DISPUTE
RESOLUTION

NATIONAL MEDIATION BOARD

2005 ANNUAL PERFORMANCE AND ACCOUNTABILITY REPORT

CHAIRMAN'S LETTER

NOVEMBER 14, 2005

I am pleased to report that the National Mediation Board met or exceeded each of its mission objectives for Fiscal Year 2005, enabling the National Mediation Board to effect its statutory mandate to minimize work stoppages in the railroad and airline industries by facilitating voluntary collective-bargaining agreements. As in years past, the agency's staff continued to perform at a very high level in FY 2005.

In spite of handling extremely complex cases, the NMB mediation staff assisted the parties in reaching voluntary agreements without Presidential Emergency Boards or self-help in all cases, except two. Neither of the two exceptions interrupted interstate commerce to a degree such as to deprive any section of the country of essential transportation service.

The Office of Alternative Dispute Resolution Services, in FY 2005, implemented a public, online archive, known as the "Knowledge Store," which already contains over 90,000 documents. ADRS also expanded its "Corporate Memory" records-management program to 80 percent of the agency. When approved by the National Archives and Records Administration, Corporate Memory will become the first completely paperless records management system in the Federal Government.

During FY 2005, the Agency's Office of Legal Affairs improved an already high level of representation service to the public. Although several of its performance objectives were made more stringent, OLA staff continued to meet or exceed all of the standards set for representation cases. All active representation cases within its purview for FY 2005 were investigated and closed.

The NMB Arbitration program continued its efforts to modernize its operational procedures by instituting electronic filings in all phases of the grievance and arbitration process and by converting all records to the Corporate Memory system noted above. The NMB also undertook a series of actions designed to streamline the arbitration of grievances and assure that the parties receive timely and outstanding arbitration services.

The Board's Office of Administration continued its excellent tradition in support of the President's Management Agenda in all Government-wide Initiatives such as Human Capital, Competitive Sourcing and Financial Performance. The NMB Financial Report again received an unqualified opinion, the highest rating an agency can receive from its auditors. The NMB Internal Control Report shows no pending, non-conformance or material weakness issues in any NMB department.

This Performance and Accountability Report includes a comprehensive set of performance goals and results pursuant to the Government Performance and Results Act. Also incorporated, as required, are the NMB Financial Report and the NMB Internal Control Report. Because the Agency is not subject to the CFO Act, this Annual Report may not contain some of the information required of CFO Act agencies.

Read Van de Water
Chairman

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REGISTRY OF BOARD MEMBERS

Please note: The terms and acronyms used throughout this Annual Report are defined in the Glossary, Appendix 3.

THE MISSION OF THE NATIONAL MEDIATION BOARD

The National Mediation Board (NMB) was established by the 1934 amendments to the Railway Labor Act (RLA) of 1926. It is an independent, federal agency performing a central role in facilitating harmonious labor-management relations within two of the nation's key transportation sectors: the railroads and airlines.

The NMB is headed by a three-member board appointed by the President and confirmed by the Senate. The board designates a Chairman on a yearly basis. Ms Read Van de Water is currently the Chairman, with Mr. Edward Fitzmaurice, Jr., and Mr. Harry Hoglander serving as Members.

Pursuant to the Railway Labor Act, the Agency's integrated dispute-resolution processes are designed to promote the following three goals, enabling the National Mediation Board to effect its statutory mandate to minimize work stoppages in the railroad and airline industries by facilitating voluntary collective bargaining agreements.

1. The resolution of disputes arising out of the negotiation of new or revised collective bargaining agreements;
2. The effectuation of employee rights of self-organization where a representation dispute exists; and
3. The resolution of disputes over the interpretation or application of existing agreements.

NMB mediators apply a variety of dispute-resolution techniques to assist the parties in reaching agreements. These include traditional mediation, interest-based problem solving, and facilitation. The Board's Alternative Dispute Resolution (ADR) program provides Online Dispute Resolution (ODR) and pre-mediation services to assist the parties in learning and applying more effective, less confrontational methods for resolving their disputes.

For further information, please refer to the agency's website at www.nmb.gov.

RAILWAY LABOR ACT AND NMB FUNCTIONS

The Railway Labor Act provides a comprehensive statutory framework for the resolution of labor-management disputes in the airline and railroad industries. Enacted in 1926 as a collaborative effort of labor and management, the RLA succeeded several previous federal statutes dating back to 1888. The 1926 Act provided for mandatory mediation and voluntary arbitration of railroad disputes in contract negotiations, as well as for Presidential Emergency Boards to enhance dispute resolution. Key amendments to the Act in 1934 established the current three-member National Mediation Board and authorized the resolution of employee representation disputes by the NMB. In 1936, the jurisdiction of the RLA was expanded to include the airline industry. The 1981 amendment to the Act permitted the creation of specialized Presidential Emergency Boards for collective bargaining disputes at certain commuter railroads.

MEDIATION

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 bargaining between the parties must commence promptly and continue in an effort to conclude a new collective bargaining agreement or to narrow their differences. Should the parties fail to reach agreement during direct negotiations, either party or the parties jointly, may apply to the NMB for mediation. (An application for NMB mediation services may be obtained from the Agency's web site at www.nmb.gov.) Following receipt of an application, the NMB promptly assigns a mediator to assist the parties in reaching an agreement. The NMB is obligated under the Act to use its "best efforts" to bring about a peaceful resolution of the dispute. The NMB mediators apply a variety of dispute resolution techniques, including traditional mediation, interest-based problem solving, and facilitation.

If such efforts do not settle the dispute, the NMB advises the parties and offers interest arbitration as an alternative approach to resolve the remaining issues. If either party rejects this offer of binding arbitration, the NMB promptly releases the parties from formal mediation. This release triggers a thirty-day cooling off period. During this thirty-day period, the Agency will continue 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, the parties are free to exercise lawful self-help. Lawful self-help includes carrier-imposed working conditions or a strike by the union/organization.

PRESIDENTIAL EMERGENCY BOARDS

If the NMB determines, pursuant to Section 160 of the RLA, that a dispute threatens substantially to interrupt commerce to a degree that will deprive any section of the country of essential transportation service, the NMB notifies

the President. The President may, at his discretion, establish a Presidential Emergency Board (PEB) to investigate and report back to the President, respecting such dispute, within 30 days from the date such PEB is created. After the Board has been created and for 30 days after such Board has made its report to the President, neither party to the dispute may exercise self-help. Different procedures apply to certain publicly funded and operated commuter railroads pursuant to Section 159A of the Act. See the Presidential Emergency Board section of this Annual Report for more information.

ALTERNATIVE DISPUTE RESOLUTION

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

REPRESENTATION

Under the RLA, employees in the airline and railroad industries have the right to select a labor organization or individual to represent them for collective bargaining without "interference, influence or coercion" by the carrier. Employees may also decline representation. An RLA representation unit is a "craft or class," which consists of the overall grouping of employees performing particular types of related duties and functions. The selection of a collective bargaining representative is accomplished on a system-wide basis, which includes all employees in the craft or class anywhere the carrier operates in the United States.

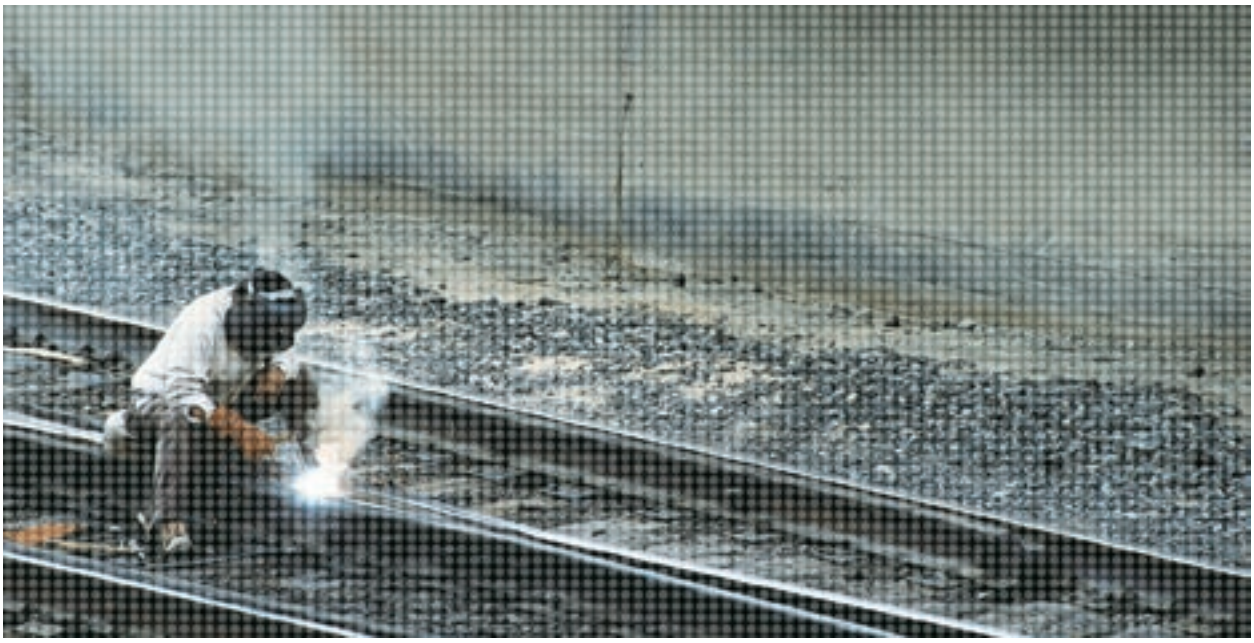
When a labor organization or individual files an application with the NMB to represent employees, the Agency assigns an investigator to conduct a representation investigation. (An application for a representation investigation may be obtained from the Agency's web site at www.nmb.gov.) The investigator assigned to a case has the responsibility to determine if the craft or class the organization seeks to represent is system-wide and otherwise valid. NMB election procedures require that the application must be supported by a sufficient employee showing of interest to warrant continuing the investigation. If the employees are not already represented for collective bargaining purposes, a thirty-five percent showing is required. If the craft or class covered by the application already is represented and a collective bargaining agreement is in effect, the showing of interest requirement is a majority of the craft or class.

If the showing of interest requirement is met, the NMB continues the investigation, usually with a secret telephone electronic election. Only such employees that are found to be eligible to vote by the NMB are permitted to participate in the election. In order for a representative to be certified, a majority of the eligible voters must cast valid votes in support of representation. The NMB is responsible for ensuring that the requirements for a fair election process have been maintained. If the employees vote to be represented, the NMB issues a certification of that result which commences the carrier's statutory duty to bargain with the certified representative.

ARBITRATION

The RLA provides for both grievance and interest arbitration. Grievance arbitration, regarding the interpretation or application of an existing collective bargaining agreement, is mandatory under the RLA. Grievances, known as "minor disputes" under the RLA, must be handled through Grievance Arbitration and cannot be used by the parties to trigger self-help actions. The NMB has significant administrative responsibilities for the three types of grievance arbitration in the railroad industry. These include those of the National Railroad Adjustment Board as well as 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 NMB furnishes panels of prospective arbitrators for the parties' selection in both the airline and railroad industries. (A request to be placed on the NMB Roster of Arbitrators may be obtained from the Board's web site at www.nmb.gov.) The NMB also has substantial financial responsibilities for railroad arbitration proceedings in that it pays the salary 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 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 binding interest arbitration when the Agency has determined that further mediation efforts will not be successful. 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 an individual to resolve their dispute. In some instances however, 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.



MEMBERS AND STAFF

READ VAN DE WATER
Chairman

EDWARD J. FITZMAURICE, JR.
Member

HARRY R. HOGLANDER
Member

BOARD MEMBERS

READ VAN DE WATER, Chairman

Read Van de Water became Chairman of the National Mediation Board, effective July 1, 2005. Chairman Van de Water was sworn in as a Board Member on December 11, 2003, after being nominated by President George W. Bush in September and unanimously confirmed by the United States Senate on December 9, 2003.

Ms Van de Water served from 2001-2003 as the Assistant Secretary for Aviation and International Affairs at the U.S. Department of Transportation. Previously she served as the legislative counsel for international trade and investment with The Business Roundtable and as legislative counsel and director of government affairs for Northwest Airlines. She also was employed on Capitol Hill as an appropriations associate and legislative assistant to Congressman Tom DeLay (Texas) from 1987-1991.

A native of Charlotte, North Carolina, Ms Van de Water graduated from the University of the South (Sewanee) in 1986. She received a master's degree from The George Washington University and her J.D. from The Georgetown University Law Center.

Ms Van de Water is married to Mark Van de Water. They have three children and reside in Warrenton, Virginia.

EDWARD J. FITZMAURICE, JR., Member

Edward J. Fitzmaurice, Jr., a Member of the National Mediation Board since August 2, 2002, also served as Chairman from July 1, 2003, through June 30, 2004. He was nominated to the NMB by President Bush on November 9, 2001, and confirmed by the United States Senate on August 2, 2002.

After graduating from Villanova University, Member Fitzmaurice served four and a half years as an Officer of Marines. He was designated a Naval Aviator, and served in the Dominican Republic and Vietnam as a Captain and Aircraft Commander, receiving several decorations including the Armed Forces Expeditionary Medal and 11 strike/flight Air Medals, the Presidential Unit Citation and Navy Unit Commendation.

Upon release from active duty, Member Fitzmaurice became a pilot for Braniff International and served as a domestic and international Captain, Co-Pilot, and Flight Engineer.

Simultaneously with piloting for Braniff, he attended the Southern Methodist University School of Law and was licensed by the State Bar of Texas in 1971. Member Fitzmaurice is admitted to practice in the United States District Courts for the Northern, Eastern and Western Districts of Texas.

He was an associate with the firm of Kern, Wooley and Maloney representing Underwriters at Lloyd's in aviation-related matters and was Of Counsel to the labor law firm of James L. Hicks and Associates, both in Dallas, Texas.

Mr. Fitzmaurice and his wife Marcia have two grown children; daughter Carey is a Senior Policy Analyst with the Environmental Protection Agency in Washington, D.C., and son Evan is an associate with the law firm of Kirkpatrick & Lockhart Nicholson Graham LLP in Los Angeles, California.

HARRY R. HOGLANDER, Member

Harry R. Hoglander, a Member of the National Mediation Board since August 6, 2002, served as Chairman from July 1, 2004, through June 30, 2005. He was nominated to the NMB by President Bush on July 1, 2002, and confirmed by the United States Senate on August 1, 2002.

Prior to joining the Board, Mr. Hoglander served as a Legislative Specialist in the office of Congressman John Tierney of Massachusetts. His responsibilities were: Transportation issues including aviation, rail and maritime, Labor, Defense and Veterans Affairs.

Member Hoglander has an extensive background in the aviation industry. He flew as a Captain for Trans World Airline (TWA) and was rated to fly Boeing 707, 727, and 747's in his 28 year career with TWA. Additionally, while with TWA, he was elected Master Chairman of TWA's Master Executive Council. He was also elected Executive Vice-President of the Air Line Pilots Association. After leaving TWA, Mr. Hoglander was named Aviation Labor Representative to the United States Bi-Lateral Negotiating Team by then Secretary of State James Baker.

Member Hoglander is a decorated, retired member of the United States Air Force. He enlisted in the Air Force and served as a gunner in a B-29 in the Korean War. Upon his return, with help from the GI bill, he earned his undergraduate degree and a commission in the US Air Force. He served with distinction in multiple active duty assignments. After leaving the Air Force, Mr. Hoglander joined the Massachusetts Air National Guard and qualified to fly Jet Fighters. He retired as a Lieutenant Colonel.

Mr. Hoglander graduated from Suffolk University Law School, became a member of the Florida Bar, and serves his community in a variety of volunteer positions.

Member Hoglander and his wife Judith reside in Magnolia, Massachusetts. They have six grown children and twelve grandchildren.

STAFF DIRECTORS

MARY JOHNSON, General Counsel
Office of Legal Affairs

Mary L. Johnson is General Counsel of the National Mediation Board. As General Counsel, she serves as the Chief Legal Officer of the agency and manages the Board's representation program and a legal program which includes litigation. In this role, Ms Johnson provides legal advice to the Board Members and agency staff. In addition, she ensures compliance with the Freedom of Information Act, Government in the Sunshine Act, and other statutes.

Several months prior to her becoming General Counsel on December 15, 2002, Ms Johnson was appointed Acting Director of the Board's Office of Legal Affairs. She had served as the Board's Litigation Counsel since March, 2000. She has also been the agency's Designated Ethics Official since November 2002, and prior to that, Alternate Designated Ethics Official from 1996. Ms Johnson joined the National Mediation Board as a Hearing Officer in December 1980, and became a Senior Hearing Officer in 1989.

Ms Johnson received her Juris Doctor from the University of Connecticut School of Law and her A.B. from Barnard College. She is a member of the Connecticut Bar, and serves on the Executive Board of the Association of Labor Relations Agencies, a consortium of federal, state, and Canadian labor relations agencies. Ms Johnson is also public co-chair of the Railroad and Airline Labor Committee of the Labor and Employment Law Section of the American Bar Association.

LARRY GIBBONS, Director
Office of Mediation Services

Larry Gibbons joined the Board in September, 1997, as a Senior Mediator. Currently, Mr. Gibbons is the Director of Mediation and has overall responsibility for the administration and management of mediation cases in the airline and railroad industries.

Mr. Gibbons brought to the Board 25 years of experience in personnel and labor relations, practicing under both the NLRA and RLA. Immediately prior to joining the NMB, he headed Human Resources and Labor Relations with ABX Air, Inc. (Airborne Express) for 12 years and for two years was an independent labor relations consultant. He is a past President and Member of the AIRCON Executive Board. Mr. Gibbons was also involved in community activities, including serving on a Board of Directors for the United Way and an Adult Rehabilitation Workshop.

Mr. Gibbons earned a Bachelor of Science degree in Journalism from Ohio University, and he served as an officer in the United States Army.

DANIEL RAINEY, Director
Office of Alternative Dispute Resolution Services

Daniel Rainey is the Director of the Office of Alternative Dispute Resolution Services. He joined the National Mediation Board's staff in April, 2001.

As Director, ADRS, he is responsible for development of the Board's Alternative Dispute Resolution (ADR) program, including Interest Based Bargaining training and facilitation, Grievance Mediation training and facilitation, and Online Dispute Resolution (ODR). In addition, he has administrative responsibility for the NMB's research program, the public information/public affairs program, and the documents and records management program.

Immediately prior to coming to the NMB, he was the president of a consulting firm specializing in conflict management. From 1978 through 1990 he was a faculty member at George Mason University in Fairfax, Virginia.

He is a member of the Association for Conflict Resolution, the Virginia Association for Conflict Resolution, and he is co-Chair of the Association of Labor Relations Agencies Technology Committee.

ROLAND WATKINS, Director
Office of Arbitration Services

Roland Watkins joined the National Mediation Board in February, 1980. During his career at the Board, he has been a Senior Hearing Officer and legal counsel. He has also served as counsel/special assistant to numerous presidential emergency boards and congressional advisory boards.

Currently, Mr. Watkins serves as the Director of the Arbitration Department, where he is responsible for all aspects of grievance and interest arbitration in the airline and railroad industries. These responsibilities include administering public law boards, special boards of adjustment and arbitration boards in the railroad. He serves as the Administrator for the National Railroad Adjustment Board which is located in Chicago, Illinois.

Mr. Watkins received his B.A. degree in Economics from Lafayette College located in Easton, Pennsylvania, and his Juris Doctor from Cornell Law School in Ithaca, New York. He is a member of Railroad and Airline Labor Committee of the Labor and Employment Law Section of the American Bar Association.

JUNE KING, Director
Office of Administration

June D.W. King joined the National Mediation Board in 1995. She is currently the Director of Administration for the NMB. In this role, Mrs. King has responsibility for the Board's administrative management functions, which include strategic planning and budgeting; accounting and finance; human resources management; procurement and contracting; and internal audit and evaluation. She also serves as the agency's Chief Information Officer with direct authority for the policies and practices of the Board's Information Technology program.

Prior to joining the NMB, Mrs. King served as a Budget Analyst and Acting Director of White House Administration, Executive Office of The President, where she was directly responsible for all administrative functions at the White House. She is the agency's principal official to all the Small Agency Councils in the areas of administration and human resources. She is also a member of the Chief Information Officers' Advisory Committee.

Mrs. King earned a Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of the District of Columbia.

NMB STAFF

NMB BOARD

Read Van de Water, *Chairman*
Sarah Williams, *Confidential Assistant*

Edward J. Fitzmaurice, Jr., *Member*
Anne Woodson, *Confidential Assistant*

Harry R. Hoglander, *Member*
John Looney, *Confidential Assistant*

LEGAL AFFAIRS

Mary Johnson, *General Counsel*
Maria-Kate Dowling, *Associate General Counsel*

Benetta Mansfield, *Senior Counsel*
Cristina Bonaca, *Counsel*
Susanna Fisher, *Counsel*
Eileen M. Hennessey, *Counsel*
Norman Graber, *Counsel*
Kendrah Davis, *Law Clerk*

Libby Angelopoulos, *Representation Coordinator*
Joyce K. Blackwell, *Legal Assistant*
Judy Femi, *Freedom of Information Officer/Legal Researcher*
Robin Stein, *Paralegal Specialist*

MEDIATION SERVICES

Larry Gibbons, *Director*
Eric Weems, *Mediation Case Coordinator*
Valeta Hill-Rawls, *Mediation Assistant*

Les Parmelee, *Senior Mediator*
Terri Brown, *Mediator*
Ernie DuBester, *Mediator*
R.A. "Dick" Hanusz, *Mediator*
Zachery Jones, *Mediator*
Jack Kane, *Mediator*

Patricia Sims, *Senior Mediator*
Denise Hedges, *Mediator*
Brad Laslett, *Mediator*
Fred Leif*, *Mediator*
John Livingood, *Mediator*
Anthony "Mike" Tosi, *Mediator*

ALTERNATIVE DISPUTE RESOLUTION SERVICES

Daniel Rainey, *Director*
Linda Puchala, *Senior Mediator (ADR)*

Rachel Barbour, *Conflict Resolution Specialist*
Anita Bonds, *Development & Technology Specialist*
Donald West, *Public Information Officer*
Michael Wolf, *Counsel (Dispute Resolution Technologies)*
Jeffrey Trigilio, *Intern*

ARBITRATION SERVICES

Roland Watkins, *Director*
Carol Conrad, *Supervisory Program Management Specialist*

Linda Gathings, *Administrative Support Assistant*
Amber Holmes, *Paralegal Specialist*
Carolyn Washington, *Program Management Assistant*
Kimberly Ybanez, *Program Management Assistant*

ADMINISTRATION

June D.W. King, *Director*
Denise Murdock, *Administrative Officer*

Cynthia Carver, *Accountant*
Florine Kellogg, *Administrative Support Assistant*
Sharon Matthews, *Administrative Assistant*
Zakiya Walters, *Administrative Support Assistant*
Samantha Williams, *Support Services Specialist*

Connie Harshaw, *Personnel (Contractor)*
Shawn Fogleman, *IT Administrator (Contractor)*

**resigned*

MANAGEMENT DISCUSSION AND ANALYSIS

MEDIATION • ADR • REPRESENTATION • ARBITRATION • MANAGEMENT & SUPPORT

MEDIATION

Overview of Fiscal Year 2005 The NMB mediation staff once again delivered outstanding service to the airline and railroad industries, and to the public. NMB mediators were challenged, especially in airline cases, to assist the parties in reaching settlements. As the customer service and performance standards show, however, FY 2005 was another very successful year in meeting Agency goals. More importantly, the Board's overall performance reinforced the stability of the mediation process and the reliability of its multi-faceted approach to resolving labor-management disputes.

To achieve the NMB's overriding responsibility to manage mediation cases effectively, Agency performance under its customer service goals may vary during the fiscal year. In order to attain voluntary agreements without work stoppages, the Agency does not blindly adhere to the constraints of its customer service goals. The NMB may vary these goals in those cases where parties' tactics are inconsistent with the direction of the RLA to exert all reasonable efforts to make and maintain agreements or where the complexity of a case may dictate relaxing specific time lines. For example, the NMB may delay making a determination on releasing a case from mediation beyond 365 calendar days if one of the parties entered mediation with an excessive number of open proposals and was slow to make changes in proposals and move toward agreement; or the Board may temporarily recess mediation in a given case to give the parties an opportunity to re-evaluate their positions.

The total case intake rate for FY 2005 was 4 percent higher than FY 2004. The FY 2005 total case closure rate, however, was 25 percent below FY 2004 and well below the five-year average. The case closure rate was dramatically affected by the decline in ADR case work in FY 2005. The five-year average of total new cases docketed is 99 as compared to a total of 85 new cases docketed in FY 2005. The mediation case load for FY 2005 increased 41 percent over FY 2004, while ADR cases declined. The overall outlook for case activity in the coming fiscal years is for a continued increase in cases, both mediation and ADR, based upon the known contract amendable dates and a concerted effort to increase grievance mediation cases through the National Science Foundation Online Dispute Resolution (ODR) Grant project.

During FY 2005, the Agency substantially met or exceeded its customer service goals for timely docketing of cases, assignment of mediators, initial contact with the parties, and establishment of the first mediation session. Additional mediation goals included: (1) reaching agreements after no more than 45 days of mediation meetings, and (2) reaching agreements within 365 days of case docketing. In FY 2005, the Agency achieved a 94 percent success rate in closing cases in 45 or fewer days of mediation, compared to a 92 percent success rate in FY 2004. With respect to the second goal, the Agency achieved a 53 percent success rate in bringing cases to closure in 365 or fewer days, compared with a 56 percent success rate in FY 2004. The drop in cases closed within 365 days is primarily due to the concessionary

nature of bargaining in the airline industry and the closure of cases remaining from the last round of National Handling in the railroad industry.

HIGHLIGHTS DURING FISCAL YEAR 2005

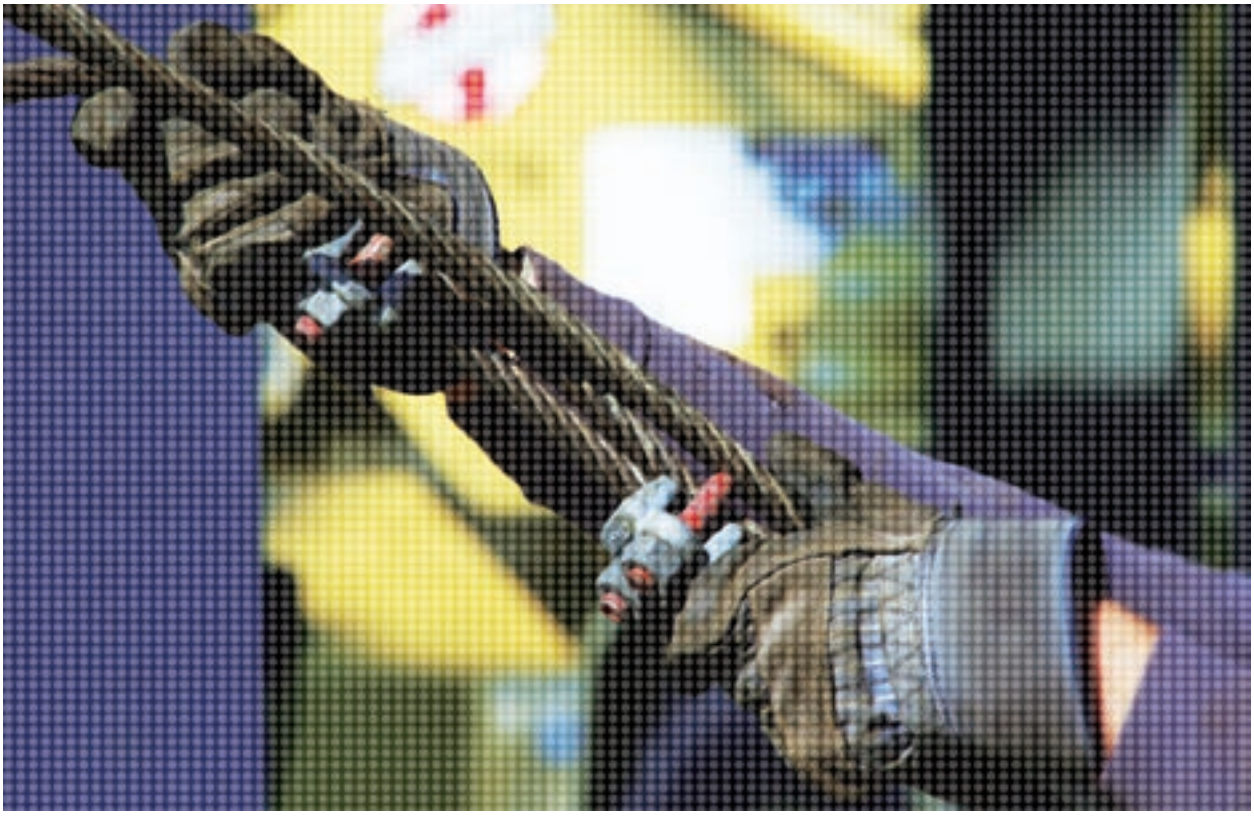
Cooling-off Periods and Self-help Activity. In FY 2005, Northwest and its mechanics represented by the Aircraft Mechanic's Fraternal Association (AMFA) entered a cooling off period which ended on August 20, 2005, without settlement. Both parties exercised self help: the union struck the airline, and the airline implemented a new agreement and hired temporary replacements. When the carrier subsequently announced they would hire permanent replacements effective September 13, 2005, the Board met with the parties from September 8 through September 11, but was unsuccessful in helping the parties reach a voluntary agreement.

Also, in the airline industry, Polar Air and their pilots, represented by Air Line Pilots Association (ALPA), entered a cooling off period which ended on September 16, 2005, without settlement, and ALPA initiated a strike. On September 30, the Board met with the parties and an agreement was reached, which was ratified by the union's membership on October 5 ending the strike.

On the railroad side, the Iowa Central & Elgin Railroad and the Brotherhood of Locomotive Engineers/Trainmen (BLET) entered into a cooling off period and did not reach agreement. Neither party chose to exercise self-help; they agreed to arbitrate their differences with the assistance of the Board.

Settlements. All the mediated cases, with the exception of the two airline cases noted above, were closed by voluntary agreement without a strike or other legal self-help. The number of new mediation cases handled by Board mediators was 41 percent higher than FY 2004. These cases were extremely complex. Thus, the Agency's actual mediation and facilitation activities remained at an intense level, challenging the Board's resources.

Mediation/ADR Cases for FY 2005, FY 2004, and the five-year average



The list of airline carriers and organizations reaching agreements with NMB assistance and without economic confrontation, includes: American Eagle and their dispatchers and ramp & store employees, both represented by the Transportation Workers Union of America (TWU); Continental Airlines and their mechanics, represented by the International Brotherhood of Teamsters (IBT); Express Jet and their pilots, represented by the Air Line Pilots Association (ALPA); Air Tran Airways and their flight attendants, represented by the Association of Flight Attendants (AFA-CWA); and Offshore Logistics and their pilots, represented by Office & Professional Employees International Union (OPEIU).

In the railroad industry, the NMB helped the parties reach agreements on the national level as well as among the short line and regional railroads. These successes included: NCCC/SMWIA; NCCC/IAM; Delaware & Hudson Railroad/TCU and BLET; SooLine Railroad/BLE, TCU and UTU; Florida East Coast Railroad/UTU; Birmingham Southern Railroad/UTU; and Pacific Harbor Railroad/UTU.

Pending Cases. At fiscal year end, several significant airline cases remain in mediation including UPS/IPA, ASA/ALPA, Northwest/IAM, Mesaba/AMFA, Horizon/AMFA, ASA/AFA-CWA, Northwest/PFAA, Alaska/AFA-CWA and Alaska/IAM. All of these cases are proving to be extremely difficult given the current collective bargaining environment.

In the railroad industry, the National Carriers' Conference Committee (NCCC) has opened a new round of bargaining with its Unions and two groups are currently in mediation: the UTU and a coalition of seven Unions. AMTRAK continues in mediation with the Brotherhood of Maintenance of Way Employes (BMWE), Sheet Metal Workers International Union (SMWIA), International Brotherhood of Boilermakers, Blacksmiths (IBB&B), International Brotherhood of Electrical Workers, (IBEW), Brotherhood of Railroad Signalmen (BRS), Joint Council of Carmen (JCC), American Train Dispatchers Association (ATDA), Fraternal Order of Police (FOP), National Conference of Fireman & Oilers (NCFO), International Brotherhood of Teamsters (IAM) and United Transportaion Union (UTU). While AMTRAK settlements traditionally follow those set by the NCCC, its current funding situation is causing some unique problems in reaching settlements. Several Short Line and Commuter Rail Roads are also in mediation including Metro North, Wisconsin Central, Long Island Railroad, Southeastern Pennsylvania Transportation Authority and Florida East Coast Railroad.

ALTERNATIVE DISPUTE RESOLUTION

At the NMB, Alternative Dispute Resolution (ADR) is a process for resolving disputes outside of the Board's "A-case" contract negotiations. Where mediation and arbitration have been the mainstay processes for resolving labor-management disputes, ADR is used at the NMB to help the parties resolve grievance and bargaining disputes in a less confrontational and voluntary environment.

The NMB offers a range of ADR services, including training, facilitation, grievance mediation and interest-based bargaining. In FY 2005, the Office of Alternative Dispute Resolution Services (ADRS) continued to expand the NMB's dispute resolution resources, both in the delivery of direct services and the development of technological infrastructure, that make information and communication opportunities available to the parties. In addition to the training and facilitation services offered by the Board's mediators, ADRS added to or improved a range of technology-assisted dispute resolution programs designed to enhance dispute resolution efforts while saving time and money for the Board and the parties. Case load figures for ADR cases are contained in the Mediation Services section of this Annual Performance and Accountability Report.

Among the airline and railroad carriers and unions who availed themselves of the Board's facilitation services in FY 2005 were: American Airlines/APA, ASTAR/ALPA, United Airlines/IFPTE, Frontier/IBT, ASA/AFA-CWA, Union Railroad/USWA, and Continental Airlines/IAM.

The NMB continued to use various forums, including on-property presentations, to introduce ADR to the parties within the railroad industry. In addition to training and facilitation services associated with Section 6 collective bargaining, the NMB provided training and grievance mediation services which will result in a reduction of the number of cases going to arbitration or the bargaining table. The carriers and unions involved in grievance mediation include American Eagle/AFA-CWA, Arrow Air/IBT, Comair/ALPA, UPS/IPA, ASA/AFA, ASA/ALPA, Independence Air/ALPA and Piedmont/AFA-CWA.

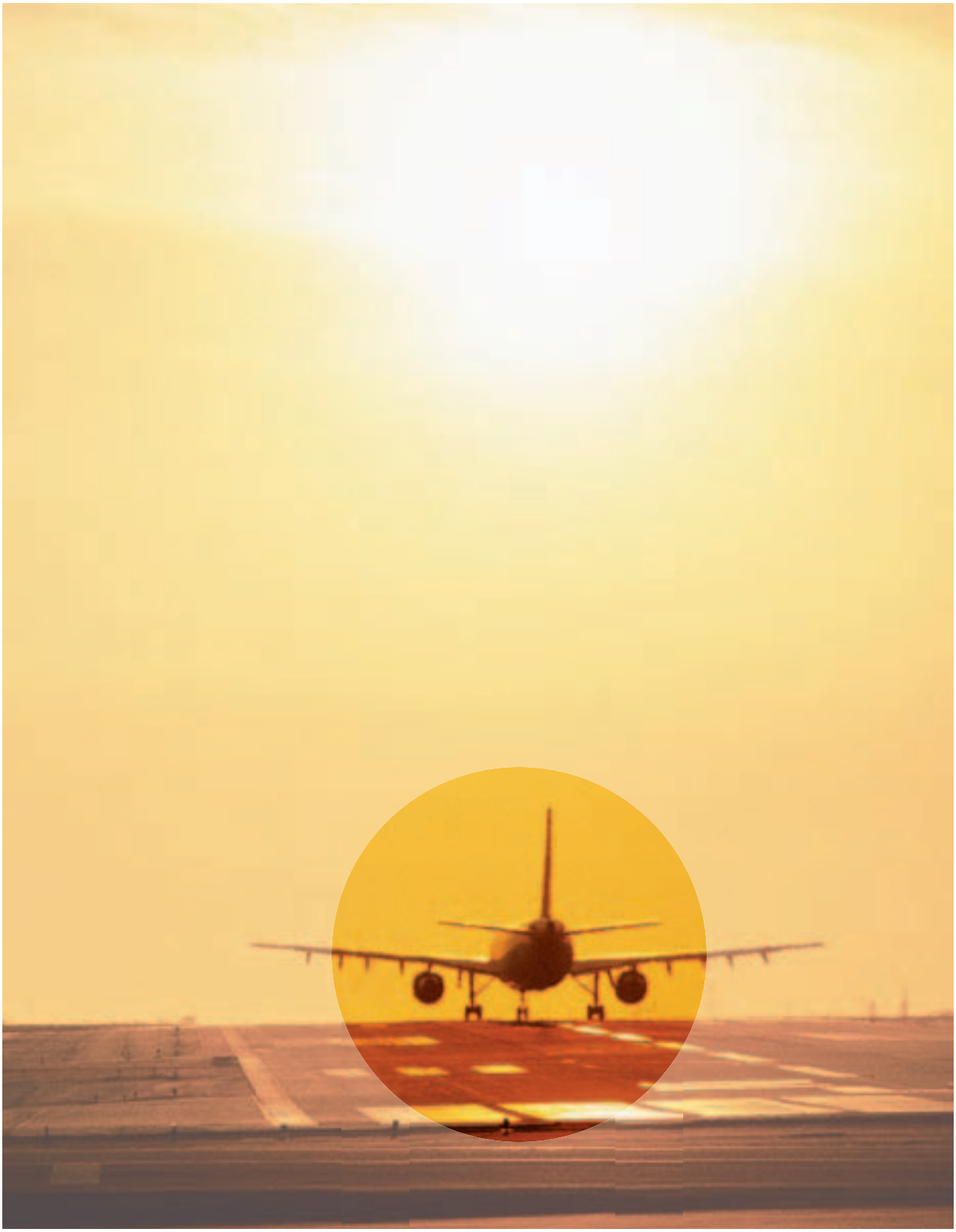
The University of Massachusetts at Amherst. In November, 2004, the University of Massachusetts (U-Mass) was awarded a grant by the National Science Foundation to study the impact of Online Dispute resolution (ODR) tools in mediation. The NMB joined with U-Mass as partners in the study, using the Board's grievance mediation program as a source of cases for the study. At the end of the three year project, the NMB will have firm, defensible data to analyze the utility of ODR in its mediation programs, and it will have helped develop inexpensive or free software that will be available to the parties and to dispute resolution practitioners generally. During the first year of the grant (FY2005) the NMB joined with U-Mass to produce a detailed model of the grievance mediation process, from which experimental software can be developed for use by the NMB and the parties. The NMB and U-Mass were involved in initial testing of the software at the end of FY2005, and a roll out of the ODR grievance mediation process is scheduled for the beginning of calendar year 2006.

Web Video and Document Sharing. During FY2005, the NMB maintained a cooperative agreement with the NLRB to allow access by the NMB parties and arbitrators to a nationwide network of high-quality, IP-based video teleconference facilities. In addition, the NMB continued to develop and use its in-house web-based video and document sharing capabilities in contract negotiation (for final language development) and for a wide range of nationwide multi-party meetings.

NMB Corporate Memory. During FY2005, ADRS managed the implementation of a cutting-edge document and records management program that makes the resources of the agency available to its staff from any web-capable computer. Corporate Memory is currently active in four of the five major departments of the NMB, and will be active agency-wide by the beginning of calendar-year 2006. The records management program connected to Corporate Memory will be, when approved by NARA, the first completely paperless records management program in the Federal Government.

NMB Knowledge Store. During FY2005, ADRS designed, built, and implemented a public archive, available through the NMB web site, containing public documents related to the agency's operations back to its inception in 1934. Currently, the Knowledge Store contains over 90,000 documents in an easily searchable format, including arbitration awards, representation decisions, annual reports, PEB reports, industry contracts, and union constitutions and by-laws.

Public Information. During FY2005, ADRS continued to respond in a timely manner to inquiries from the public, the parties, and the Congress. The basic performance goal for phone-call responses is one work day, and the goal for written correspondence is one work week. For the entire fiscal year, ADRS met its goals for public calls 94% of the time, for press calls 97% of the time, and for written correspondence 99% of the time. Implementation of an online "Help Desk" and enhancements to the NMB web site (www.nmb.gov) have made getting information from the NMB easier than ever.



PRESIDENTIAL EMERGENCY BOARDS

Overview of Fiscal Year 2005 When the NMB determines that a dispute cannot be resolved in mediation, the NMB proffers interest arbitration to the parties. Either labor or management may refuse the proffer and after a 30-day cooling-off period, engage in a strike, implement new contract terms, or engage in other types of economic self-help. If the NMB determines, however, pursuant to Section 160 of the RLA, that a dispute threatens substantially to interrupt commerce to a degree that will deprive any section of the country of essential transportation service, the NMB notifies the President. The President may, at his discretion, establish a PEB to investigate and report respecting such dispute.

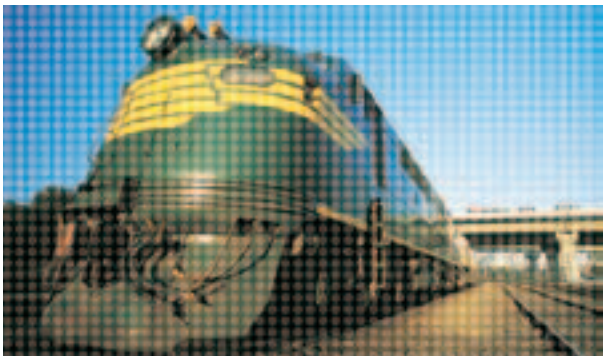
Status-quo conditions must be maintained throughout the period that the PEB is impaneled and for 30 days following the PEB report to the President. If no agreement is reached and there is no intervention by Congress, the parties are free to engage in self-help 30 days after the PEB report to the President.

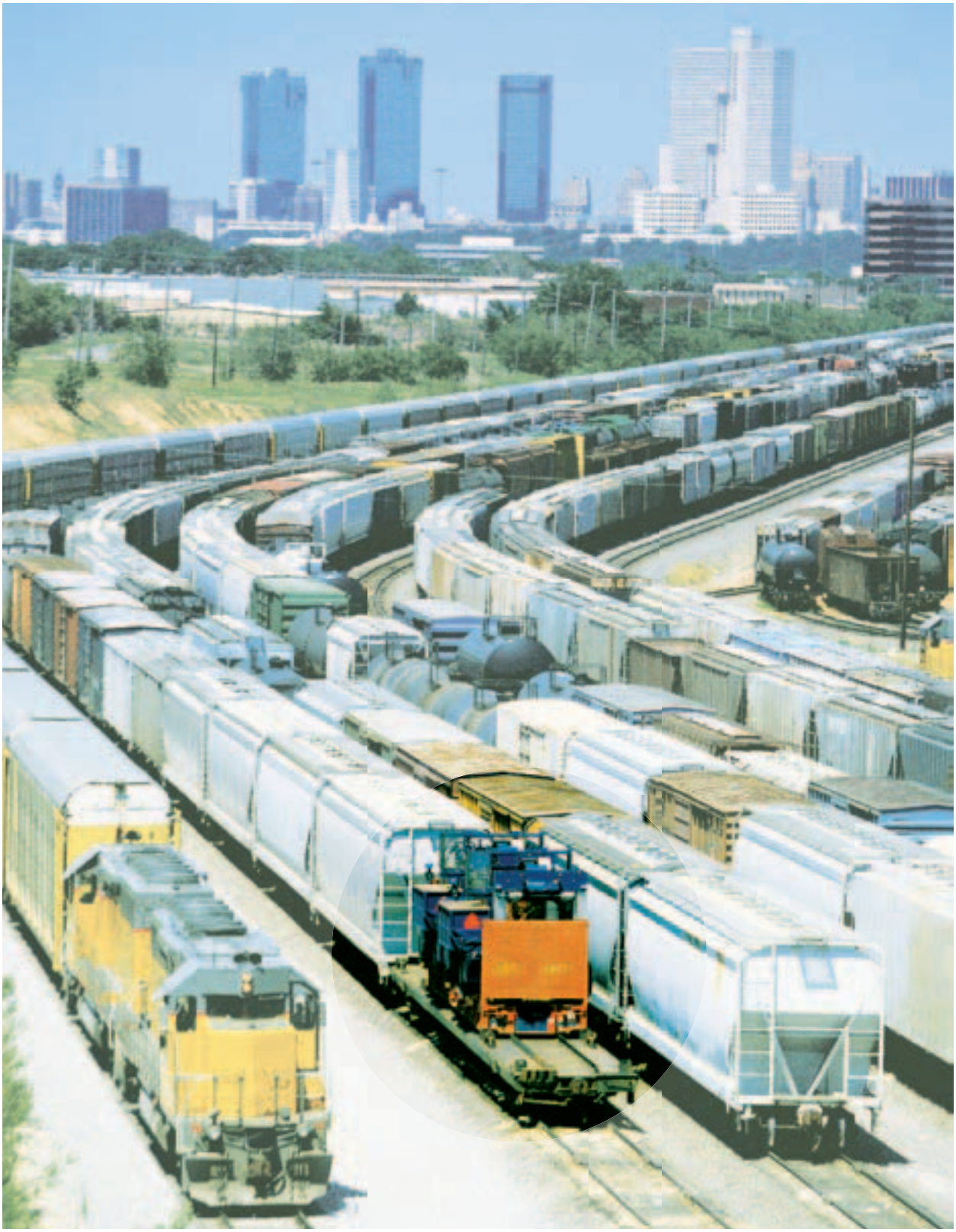
Even though Northwest Airlines and Polar Air Cargo, as discussed in the Mediation section of this report, exercised self-help in FY 2005, neither situation interrupted interstate commerce to a degree such as to deprive any section of the country of essential transportation service.

Thus there were no Section 160 Presidential Emergency Boards in this fiscal year.

Apart from the emergency board procedures provided by Section 160, Section 159A of the RLA provides special multi-step emergency procedures for unresolved disputes affecting publicly funded and operated commuter railroads and its employees. If the mediation procedures are exhausted, the parties to the dispute or the Governor of any state where the railroad operates may request that the President establish a PEB. The President is required to establish such a board if requested. If no settlement is reached within 60 days following the creation of the PEB, the NMB is required to conduct a public hearing on the dispute. If there is no settlement within 120 days after the creation of the PEB, any party or the Governor of any affected state, may request a second, final-offer PEB. No self help is permitted pending the exhaustion of these emergency procedures.

As with Section 160 PEBs, there were no Section 159A Presidential Emergency Boards in FY-2005.





REPRESENTATION

During FY 2005, the NMB Office of Legal Affairs (OLA) continued to operate at a high level of quality and efficiency. As a review of customer service and performance standards will attest, the Agency's Representation program is in a state of constant improvement, delivering outstanding services to the parties and the public.

OVERVIEW OF FISCAL YEAR 2005

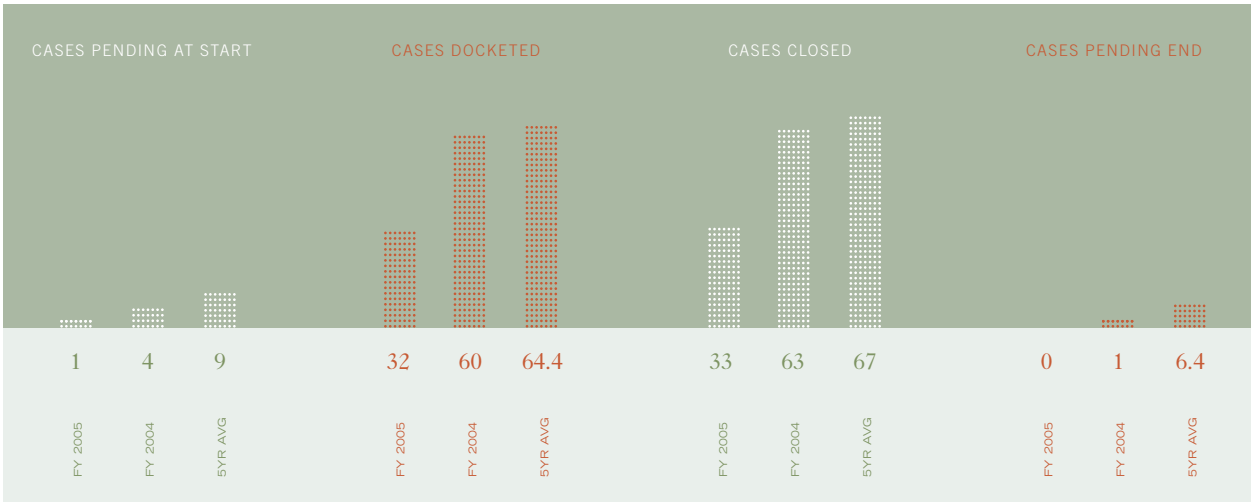
The OLA staff closed and docketed an almost equal number of cases during this year (33 closed; 32 received). As a result of this productivity, the Agency has no cases pending at the end of FY 2005. Although the number of representation cases filed during FY 2005 was lower than in previous years, the OLA staff had a higher than usual volume of non-representation legal work. With the Agency resources requested for FY 2006 and 2007, it is projected that 50-55 representation cases will be investigated and resolved in each of the next several fiscal years.

The NMB substantially met all of the standards set for representation cases under its FY 2005 Annual Performance Plan. Cases are managed using nine benchmarks covering the key phases of the Agency's investigation: Response to representation applications; Investigator assignment; Showing of interest determination; Timely response following ballot count; Overall timely resolution; Timely resolution of interference issues; Timely resolution of predocketing investigations; Prompt resolution of jurisdictional referrals from the NLRB; and Prompt issuance of Board level decisions after receiving staff recommendations. One of the representation performance goals was changed in FY 2005: Board decisions involving allegations of interference will be issued in 225 days instead of 180 days. This change reflects a more realistic timeframe due to the complex nature of issues involved in allegations of interference. Four of the Representation customer service standards were modified in FY 2003 and remain the same in FY 2005. These standards are as follows: NMB response to representation applications will be made within two business days instead of three; An investigator will be assigned within two business days instead of three; Predocketing investigations will be completed within 120 calendar days following the Investigator's assignment to the case instead of 180 days; and Jurisdictional opinions will be provided to the NLRB within 120 days from the date the jurisdictional referral from the NLRB headquarters is assigned to an Investigator compared to 180 days.

The FY 2005 standards for timely case processing were fully satisfied within the projected goals. In particular, the NMB responded to representation applications within two business days in 100 percent of all cases; assigned an Investigator to representation cases within two business days in 100 percent of all cases; determined there was a sufficient showing of interest to authorize an election or dismiss a case within 45 calendar days in 100 percent of all cases; issued certifications or dismissals within the next business day of ballot counts in 95 percent of all cases; and completed representation investigations within the 90 calendar day goal set for non-appellate cases in 97 percent of all cases.

The Office of Legal Affairs' refinement of the Telephone Electronic Voting (TEV) system continued to allow for easier administration. Voter confidentiality and ballot integrity is guaranteed by a system of dual passwords for each voter, and by a state-of-the-art system of encryption, firewall protection, and physical separation of servers by the Agency's TEV contractor. The contractor has extensive experience in the TEV field, and is the contractor for numerous Fortune 500 companies which use TEV services for stockholder votes and other sensitive information gathering purposes.

Representation Cases for FY 2005, FY 2004, and the five-year average



HIGHLIGHTS DURING FISCAL YEAR 2005

Under the RLA, the selection of employee representatives for collective bargaining is accomplished on a system wide basis. Due to this requirement and the employment patterns in the airline and railroad industries, the Agency's representation cases frequently involve numerous operating stations across the nation. In many instances, labor and management raise substantial issues relating to the composition of the electorate, jurisdictional challenges, allegations of election interference, and other complex matters which require careful investigations and rulings by the NMB.

Representation disputes involving large numbers of employees generally are more publicly visible than cases involving a small number of employees. However, all cases require and receive neutral and professional investigations by the Agency. The NMB ensures that the employees' choices regarding representation are made without interference, influence or coercion. The case summaries that follow are examples of the varied representation matters which were investigated by the NMB during FY 2005.

Frontier Airlines, Inc./ International Brotherhood of Teamsters

The International Brotherhood of Teamsters (IBT) filed an application with the NMB on May 14, 2004, seeking to represent Stock Clerks at Frontier Airlines, Inc. (Carrier). An election was authorized, and the tally was conducted on July 21, 2004. The IBT application was dismissed on July 22, 2004. The IBT filed a charge of election interference on July 30, 2004.

On August 17, 2004, the Agency found that the IBT allegations stated a prima facie case that laboratory conditions were tainted and established a timeline for further investigation of the allegations. In its interference allegations, IBT asserted that the Carrier engaged in behavior that tainted the laboratory conditions by granting substantial pay raises to the Stock Clerks at the end of June, during the election period, rather than the Carrier's traditional time at the beginning of June. The Carrier denied the allegations, contending that the pay raises were previously planned but delayed until the

Carrier was assured by legal counsel that giving the raises would not constitute election interference. On November 10, 2004, the NMB found that the laboratory conditions had not been tainted. The Board noted that changes in working conditions do not taint laboratory conditions if the changes were planned before the laboratory conditions attached or there is clear and convincing evidence of a compelling business justification.

In support of its decision that there was no interference, the Agency found that although the Carrier gave the pay raises later than its usual time, it did so for the following reasons: the Carrier conducted and completed a review of its pay system in late 2003; a consultant found that the Carrier's pay grade employees were being paid below the market rate; the consultant advised that pay increases were necessary for the Carrier to recruit effectively; all of the changes were pre-planned; and the pay raises given to the Stock Clerks followed the consultant's recommendations. The Board concluded, therefore, that these pre-planned changes did not taint the laboratory conditions required for a fair election.

Petroleum Helicopters, Inc./ Office and Professional Employees International Union

The Office and Professional Employees International Union (OPEIU) filed an application on July 19, 2004, for an accretion of the "Flight Deck Crew Members who are periodically employed outside of the territorial jurisdiction of the United States" to the craft or class of Flight Deck Crew Members at Petroleum Helicopters, Inc. (PHI). The application sought to accrete pilots working for PHI on the continents of Africa and Antarctica. PHI asserted that, pursuant to the RLA and the Board's Rules, these foreign-based employees are not subject to RLA jurisdiction and cannot be accreted into the Flight Deck Crew Members craft or class. OPEIU contended that the foreign-based pilots have the same duties and responsibilities as the represented Flight Deck Crew Members, and that the foreign operations are run out of PHI's corporate headquarters in Louisiana. OPEIU also noted that currently represented members fly some foreign assignments; and that the Antarctic-based pilots are seasonally hired, remain domiciled in the United States, and do not work under foreign visas or work permits.

Following an investigation, the Board found that there were no seasonal Antarctic-based employees at the time the application was filed. Because it does not issue advisory opinions, the Board found it unnecessary to address PHI's Antarctica operations. Concerning the Africa-based pilots, the Board found that PHI's policies and procedures require a two-year assignment for permanent international positions. The investigation found that there is little turnover among these pilots; that for the five month period prior to the filing of the application, all of the pilots were continuously flying solely in West Africa; and that foreign work visas are a necessary and required condition of employment.

In a decision issued on May 10, 2005, the Board noted that the RLA is territorial in its application and does not extend to foreign-based employees. Because of the two year minimum assignment, the considerable or indefinite periods of time the pilots remain in West Africa, and the permanent residences maintained outside the United States by several of the pilots, the Board concluded that PHI's Africa-based pilots are not subject to the RLA.

In a rare separate opinion, Board Member Hoglander concurred in the result reached by the Board. In finding no jurisdiction, Member Hoglander relied on the facts that the flights in question are solely between points outside the United States and its territories, and that there is no evidence these flights are a continuation of operations into or out of the United States or its territories. Member Hoglander noted his view is, however, that the RLA can extend to foreign-based United States crewmembers employed by United States carriers who perform at least part of their duties within the United States.

Allegheny Airlines, Inc. and Piedmont Airlines, Inc./ International Brotherhood of Teamsters

On August 3, 2004, the IBT filed an application alleging a representation dispute involving the following consolidated crafts or classes formed by the merger of Allegheny Airlines, Inc. (Allegheny) and Piedmont Airlines, Inc. (Piedmont): Mechanics and Related Employees, Stock Clerks, and Dispatchers. The IBT asserted that Allegheny and Piedmont constitute a single transportation system. At the time the application was filed, the Mechanics and Related Employees, Stock Clerks, and Dispatchers on Allegheny were represented by the IBT. The Stock Clerks and Dispatchers on Piedmont were represented by the International Association of Machinists & Aerospace Workers (IAM). After conducting an investigation, the Board determined on October 25, 2004, that Allegheny and Piedmont operated as a single transportation system for representation purposes for the crafts or classes of Mechanics and Related Employees, Stock Clerks, and Dispatchers.

In reaching this conclusion, the Board considered that the corporate merger of Allegheny into Piedmont was complete and that substantial steps had been taken toward the completion of the operational merger. Allegheny had surrendered its FAA certificate. In addition the management teams, labor relations, and personnel functions of Allegheny and Piedmont had been integrated. Flights that had formerly been Allegheny flights were shown as Piedmont flights. The newly created entity was being held out to the public as Piedmont and US Airways Express. The Board stated that the IAM had 30 days from the date of the determination to file an application in accordance with Board's Representation Manual.

On December 22, 2004, as a result of applications filed by the IBT and IAM, the Board conducted elections among the following crafts or classes at Piedmont: Mechanics and Related Employees, Stock Clerks, and Dispatchers. Based upon the results of these elections the Board certified the IBT to represent the Mechanics and Related Employees at Piedmont and the IAM to represent the Dispatchers at Piedmont. The Board dismissed the pending applications for the Stock Clerks because less than a majority of eligible employees cast valid votes for representation.

Bombardier Transit Systems Corp./ Independent Railway Supervisors Association

On September 29, 2004, the Independent Railway Supervisors Association (IRSA) filed an application alleging a representation dispute among Bombardier's Supervisors at the JFK AirTrain. IRSA argued that Bombardier's JFK AirTrain was a common carrier by railroad subject to the jurisdiction of the RLA, and not an "interurban, or suburban electric railway" excluded from coverage under the RLA. In the alternative, IRSA argued that Bombardier's JFK Air Train was a non-carrier subject to the jurisdiction of the RLA because it is operated by the Port Authority of New York and New Jersey (Port Authority) which also operates the Port Authority Trans-Hudson Corporation (PATH), which is a carrier under the RLA. Bombardier disputed NMB jurisdiction over the employees in question.

On January 21, 2005, the NMB determined that Bombardier's JFK AirTrain is excluded from the RLA definition of a carrier because it falls within the proviso excluding a "street interurban, or suburban electric railway" from the RLA. The NMB noted that both the Board and courts had held that electric passenger trains operating entirely within the City of New York, and therefore not engaged in interstate commerce, are "interurban electric railways" not subject to the RLA. The Board also rejected IRSA's contention that Bombardier's JFK AirTrain was a non-carrier subject to the jurisdiction of the RLA. While the Board found that the work performed by Supervisors on Bombardier's JFK AirTrain is work traditionally performed by employees of rail carriers, the Board determined that Bombardier's JFK AirTrain was not directly or indirectly owned or controlled by a Carrier under the RLA. Neither Bombardier nor its parent company is a carrier as defined by the RLA. The Board noted that while the Port Authority may own PATH, a railway carrier operating in interstate commerce, the Port Authority itself is not a "carrier" for purposes of the RLA. The Board reiterated its holding that common ownership of a carrier and a non-carrier by a non-carrier holding company is insufficient to satisfy the RLA's ownership requirement.

Continental Airlines/Transport Workers Union of America

On April 27, 2005, the Transportation Workers Union of America, AFL-CIO (TWU) filed an application alleging a representation dispute among the Fleet Service Employees at Continental Airlines, Inc. (Carrier). The NMB investigation revealed that 7,069 Carrier Fleet Service Employees were unrepresented at the time of the application, and that TWU had a sufficient number of authorization cards signed by employees to warrant an election. On May 23, 2005, the Board authorized a TEV election.

Based upon information provided by TWU, the Board provided election materials to voters in both English and Spanish. Given the size of the craft or class, a four-week election period was scheduled, with the tally to be held on July 28, 2005. Although no challenges or objections were filed to the List of Potential Eligible Voters (List), TWU and the Carrier, between them, filed allegations that 235 people on the List were no longer eligible to vote based on status changes pursuant to the Board's Representation Manual, Section 12.3. The NMB investigator examined the evidence regarding all 235 contested voters and removed 160 people from the List.

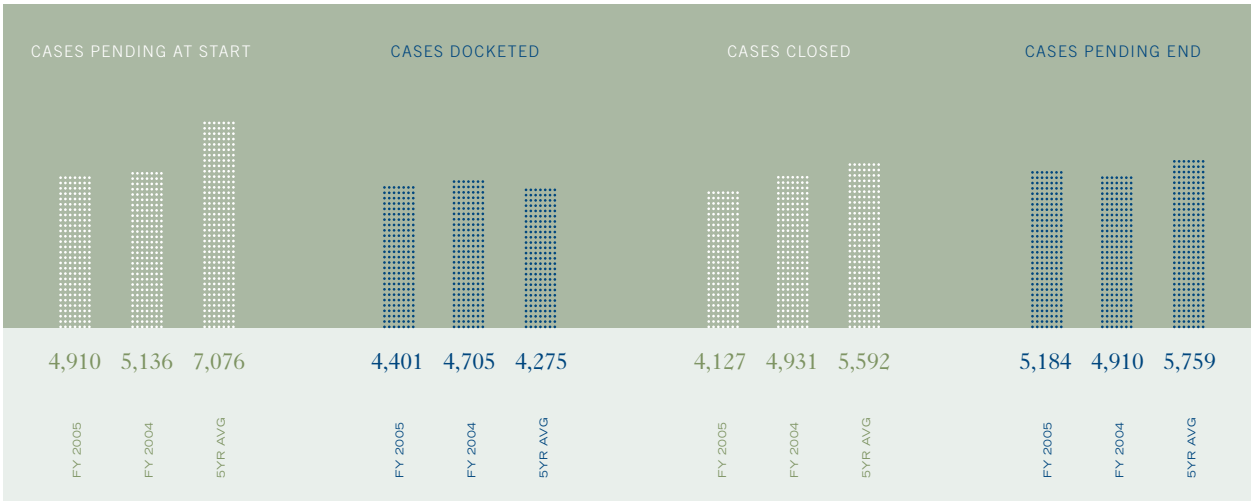
At the tally on July 28, 2005, there were 6,879 eligible voters, based on the investigator's status rulings and a number of undeliverable ballots. The tally revealed 3 void ballots, 3,122 votes for TWU, and 10 votes for others. The total number of ballots for representation was less than a majority of eligible voters. Accordingly, on July 29, 2005, the Board found no basis for certification and dismissed the application.

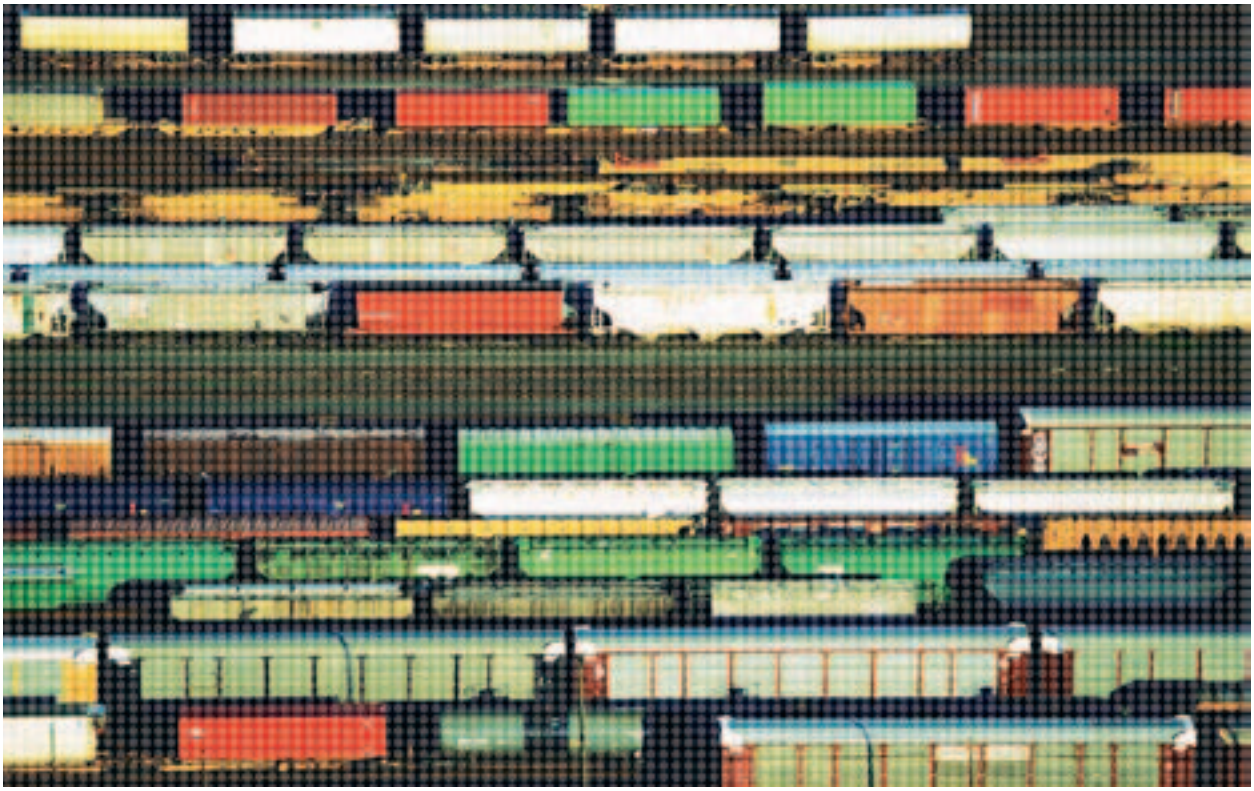
ARBITRATION

Overview of Fiscal Year 2005 The NMB Arbitration program continued its efforts to streamline and modernize its operational procedures. The NMB improved its procedures by instituting electronic filings in all phases of the grievance and arbitration process. Documents and records management was modernized with the conversion of all records to an electronic system.

The level of grievance activity handled through the NMB Arbitration program remained relatively stable. During FY 2005, the parties brought 4,401 cases to arbitration compared to 4,705 cases in FY 2004. In FY 2005, 4,127 cases were closed (compared to 4,931 in FY 2004), leaving 5,184 cases pending at the end of the fiscal year. The number of cases pending at the end of FY 2005 is 274 cases greater than those pending at the end of FY 2004.

Arbitration Cases for FY 2005, FY 2004, and the five-year average





HIGHLIGHTS DURING FISCAL YEAR 2005

On February 10, 2005, the Agency met with the Section 3 Committee to review its caseload and administrative procedures. The Section 3 Committee is comprised of labor and management representatives from Class I freight railroads and commuter carriers. The NMB reported on its successful efforts to institute electronic procedures and administrative changes at the NRAB.

For the past year, the NMB has undertaken a series of actions designed to improve the arbitration of grievances under Section 3 of the Railway Labor Act. The parties, arbitrators, and Board members considered changing routines and processes that, in some cases, have been around for well over half a century. 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-commerce capabilities to the maximum extent possible; 3) to ensure that Board procedures are improved through a rulemaking 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 November 2004, the NMB conducted the first of two intensive audits of all cases pending before public law boards and special boards of adjustment. The Agency provided the Class I freight railroads, commuter railroads, regional railroads, all labor organizations representing railroad employees, and the NRAB with a list of pending cases on these boards. The NMB asked the parties to report any discrepancies between its records and the Agency's list. All of the carriers and most of the railroad organizations responded to the audit.

In August 2005, the NMB changed the period for the audit to coincide with the fiscal year. Another audit was conducted at that time to adjust NMB records as of the end of the fiscal year. All future audits will be conducted at the end of the fiscal year.

The high level of participation and the responses from the carriers and organizations confirmed the accuracy of NMB's arbitration case management system.

Electronic Submission of Vouchers. In FY 2005, the NMB changed its procedures to provide for mandatory electronic submission of travel vouchers and service payment vouchers by arbitrators. The change has eliminated the submission of paper and greatly expedited the payment process.

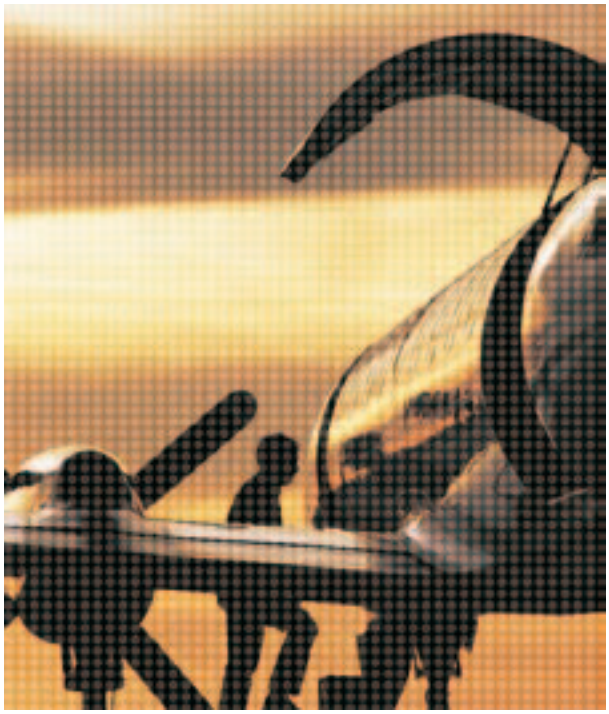
Alternative Dispute Resolution in the Railroad Industry. The NMB actively promoted grievance mediation as an alternative means of dealing with grievances in the railroad industry by reaching out to the largest Class I freight carriers and the labor organizations. During this fiscal year, the Board attended several UTU and BLET regional meetings of general chairmen to promote grievance mediation as a means of resolving disputes.

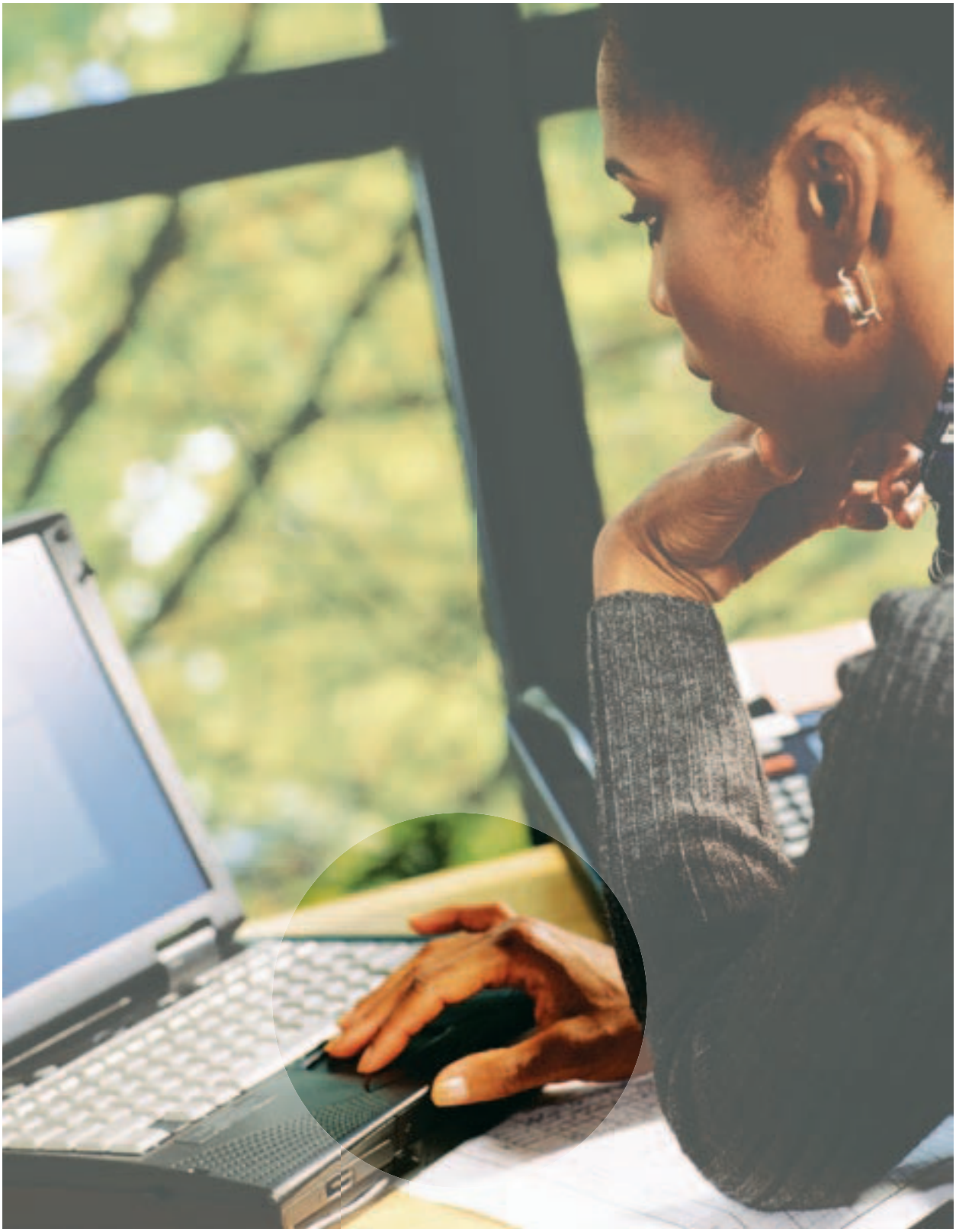
Increasing Arbitrator Productivity. The NMB continued its efforts to increase arbitrator productivity through rigorous enforcement of the six-month rule. Arbitrators who have not issued a decision within six months of a hearing are contacted monthly and encouraged to issue those decisions. Through these efforts, the Agency has met this performance goal in 91 percent of the cases on public law boards and special boards of adjustment and 71 percent of the cases at the NRAB.

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 3 activities. Arbitrators, parties, and the public use the website to obtain information and forms instantaneously. The availability of information on the website reduces the staff time which ordinarily would be required to respond to questions and requests.

Rulemaking. In FY 2004, the NMB proposed amending its general administrative rules to improve and expedite the administration of arbitration programs. The principal purpose of the proposed rule is to provide a time frame for the resolution of labor grievances. Under the proposed rule, decisions on grievances will normally have to be issued within one year of the filing of the grievances. The proposed rule clarifies the status of arbitrators with respect to the NMB and parties in dispute. The rule also provides for the consolidation of minor disputes by the NMB when this will serve the interests of economy and efficiency in the Board's administration of its program of arbitration. Finally, the proposed rule provides for the imposition of filing fees. By imposing modest filing fees, along with a grievance resolution schedule, the NMB hopes to foster faster resolution of minor labor disputes. Prior to proposing the rule, the NMB sought input from the parties through the publication of an advanced notice of proposed rulemaking. The NMB also held a public hearing on the rulemaking on December 19, 2003.

During FY 2005, the NMB held a second public hearing on the issues relating to the NMB proposal regarding the establishment of a fee schedule for certain arbitration services. The hearing was held on January 11, 2005. At the end of this fiscal year, this matter remains under consideration.





MANAGEMENT AND SUPPORT

The primary management and support programs for the NMB are housed within the Office of Administration. These include the functions of budget and finance; human resources; accounting and procurement; information technology; and office support. From a budgetary standpoint, most of the costs of management and support programs are contained in the Mediation section of the budget. Because human resources, information technology and records management functions are outsourced, the cost for these activities is prorated among the three program areas of Mediation, Representation, and Arbitration.

Key NMB activities during FY 2005 in relation to Government-wide Initiatives include the following:

STRATEGIC MANAGEMENT OF HUMAN CAPITAL

The Agency makes use of the many hiring flexibilities to recruit and retain its workforce. These flexibilities include the use of (1) retention allowances to retain especially well qualified dispute resolution professionals and (2) the utilization of a Student Loan Repayment Program as an additional inducement for retention.

The Board continues to rely on its annual performance management plan to monitor and improve the performance plan for each employee and link all individual development plans (IDP) to the performance plans. The Agency is also developing agency-wide training programs for executives and managers.

The Board has also begun reviewing and scheduling annual EEO training for all agency personnel. The Agency continues to engage in outreach efforts to diversify its pool of qualified applicants for all positions.

The NMB continues to reduce the distance between citizens (the parties) and NMB service providers, as directed by the President's Management Agenda, by identifying professional groups who interact with the Agency and seeking feedback on the Agency programs and initiatives.

COMPETITIVE SOURCING

The NMB uses sound management practices and structures to deliver human resources management services with no increase in staffing. The Agency has continued to use contracted services in conjunction with in-house staff to deliver high quality, cost-effective services across the Agency. The NMB continues to concentrate on recruiting and retaining a highly diverse and skilled workforce to meet its strategic and performance goals.

The Board has benefited greatly from its outsourcing of information technology. This arrangement has allowed the agency to keep up with the constant changes in the technology industry. For an agency this size, outsourcing provides the best use of resources. During FY 2005, the agency completed its security review of its information systems. The findings from this review were included in NMB's FY 2005 Federal Information Security Management Act submission.

IMPROVED FINANCIAL PERFORMANCE

The Federal Financial Management Improvement Act (FFMIA) requires agencies to report on the status of its financial system. The Agency is currently considering replacing its financial system. The current system is in compliance with the Act, but it is anticipated that over the next couple of years the vendor will not support the product. The Board has begun the process of reviewing other financial systems for the future.

The Office of Administration (OA) 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 Government Management Reform Act (GMRA) and Government Performance and Results Act (GPRA) require the implementation of managerial cost accounting and performance reporting. Since the NMB is a small agency with only three program areas, these program costs are reported and budgeted in accordance with the Agency's strategic and performance goals.

The NMB continues to work with an outside audit firm to audit its financial statements. With the accelerated Governmental timeframes for completing financial audits, the NMB has met the requirements and received an unqualified opinion on its FY 2005 financial statements.

In accordance with the Agency's management control plan, the NMB has one of its program or support areas reviewed annually. The internal review conducted for FY 2004 by an outside audit company showed that the NMB did not have any material weakness in the area of procurement. The result of this review will be included with the NMB's FY 2005 Federal Managers Financial Integrity Act submission.

PERFORMANCE PLAN AND RESULTS

The NMB 2005 Performance Plan is driven by the Agency's five-year Strategic Plan, which contains outcome goals for the Agency's principal programs. The strategic goals are highlighted and appear in the applicable mission-related areas of the performance plan. The performance plan, in turn, contains goals, targets, measures and strategies for achieving the strategic plan goals for Mediation, Alternative Dispute Resolution, Representation, and Arbitration.

Resources Requested to Meet FY 2005 Performance Goals

The NMB's requested budget resources along with its allocated full-time equivalent positions will enable the agency to achieve the goals contained in the strategic plan and the annual performance plan. These resources will enable the NMB to meet its statutorily mandated obligations and to provide services to its airline and railroad labor-management and public customers. Seventy-five percent of the NMB's budget is attributed to FTE and contractual personnel costs. More than ninety percent of NMB staff have direct customer contact. The staff is dedicated to fulfilling the NMB mission to provide the services described in the annual performance plan goals.

The FY 2005 annual performance goals are based on the assumption that the agency will experience level staffing and relatively stable case loads, consistent with the case load estimates included in the requested budget for FY 2005.

STRATEGIC PLAN GENERAL GOAL 1: MEDIATION AND ADR

NMB mediation and alternative dispute resolution services will foster the prompt and peaceful resolution of collective bargaining disputes in the airline and railroad industries.

Mediation Goals and Results

Upon recommendations of the Mediator and Senior Mediator, the Director of Mediation may except a case or cases from these standards.

I. Promptly and efficiently docket, assign and process mediation cases.

A. In all non-excepted cases, mediation applications will be responded to within 3 business days following their receipt by the NMB.

FY 2002 Baseline	Target achieved 98%
FY 2005 Target	100%
FY 2005 Performance	100%

B. In all non-excepted cases, a mediator will be assigned within 10 calendar days following docketing of all mediation cases.

FY 2002 Baseline	Target achieved 100%
FY 2005 Target	100%
FY 2005 Performance	100%

C. In all non-excepted cases, the assigned Mediator will make an initial contact with the parties within seven calendar days following his or her assignment in all mediation cases. Initial contact is satisfied by speaking with both parties or leaving a voice mail message with both parties.

FY 2002 Baseline	Target achieved 100%
FY 2005 Target	100%
FY 2005 Performance	97%

II. Promote, manage and provide effective and efficient mediation services.

A. In all non-excepted cases, the assigned Mediator will establish the date for the first mediation conference within 25 calendar days following the Mediator's assignment.

FY 2002 Baseline	Target achieved 93%
FY 2005 Target	100%
FY 2005 Performance	97%

B. In all non-excepted cases, mediator and the Board will endeavor to assist the parties in reaching an agreement within 45 days of mediation meetings or fewer.

FY 2002 Baseline	Target achieved 93%
FY 2005 Target	100%
FY 2005 Performance	94%

C. In all non-excepted cases, mediator and Board will endeavor to assist the parties in reaching an agreement within twelve months (365 days) of an application.

FY 2002 Baseline	Target achieved 80%
FY 2005 Target	100%
FY 2005 Performance	53%

D. Provide mediation services for 60 new railroad and airline mediation cases. Goal updated for 2005.

FY 2005 Baseline	Target achieved 97%

E. Mediate to closure 60 railroad and airline mediation cases. Goal updated for 2005.

FY 2005 Baseline	Target achieved 72%

Alternative Dispute Resolution (ADR) Goals and Results

Promote, manage and provide effective and efficient alternative dispute resolution services.

I. Provide facilitation and training services in 45 new alternative dispute resolution cases. Goal updated for 2005.

FY 2005 Baseline	Target achieved 60%

II. Bring 45 alternative dispute resolution cases to closure. Goal updated for 2005.

FY 2005 Baseline	Target achieved 53%

STRATEGIC PLAN GENERAL GOAL 2: REPRESENTATION

Upon the request of employees of an airline or railroad, the NMB will promptly investigate representation disputes and definitively resolve the employees' representation status for collective bargaining purposes.

Representation Goals and Results

I. Responses to representation applications will be issued promptly after their receipt at the NMB.

In all cases, a written response to a representation application will be sent within 2 business days. Goal updated for 2005.

FY 2005 Baseline	Target achieved 100%

II. An NMB investigator will be assigned to a representation matter promptly.

In all cases, an NMB investigator will be assigned to investigate representation matters within 2 business days following the initial NMB response, unless the NMB declines to process the application. Goal updated for 2005.

FY 2005 Baseline	Target achieved 100%

III. In all cases, NMB's determination of whether there is sufficient showing of interest to warrant further investigation will be made within 45 calendar days of docketing.

FY 2002 Baseline	Target achieved 84%
FY 2005 Target	100%
FY 2005 Performance	100%

IV. In all cases, a certification or dismissal will be issued within one (1) business day of the ballot count. Goal updated for 2005.

FY 2005 Baseline	Target achieved 95%

V. Representation cases will be completed as expeditiously as practicable.

A. All non-appellate representation cases will be completed within 90 calendar days of docketing.

FY 2002 Baseline	Target achieved 90%
FY 2005 Target	100%
FY 2005 Performance	97%

B. All Board decisions involving allegations of interference in appellate representation cases will be issued within 225 calendar days of docketing. Goal updated for 2005.

FY 2005 Baseline	Target achieved 100%

(Note: An appellate representation case involving a decision on allegations of interference is resolved only through a Board decision. Only a minority of NMB representation cases are appellate. The majority of appellate cases involve the resolution of allegations of interference.)

VI. Predocketing investigations will be completed promptly.

All predocketing investigations will be completed within 120 calendar days following the investigator's assignment to the case. Goal updated for 2005.

FY 2005 Baseline	Target achieved 93%

VII. Jurisdictional referrals from the NLRB will be resolved promptly.

A written jurisdictional opinion will be provided to the NLRB within 120 calendar days from the date the jurisdictional referral from NLRB headquarters is assigned to an investigator.

This Goal was updated for 2005, but there was an insufficient number of opinions requested in 2005 on which to create a new baseline.

VIII. In all cases which require a Board level decision, the Board will endeavor to issue a decision within 35 days after receiving a staff recommendation.

FY 2002 Baseline	Target achieved 100%
FY 2005 Target	100%
FY 2005 Performance	90%

STRATEGIC PLAN GENERAL GOAL 3: ARBITRATION

The NMB will promote the prompt and orderly resolution of grievance disputes in the railroad and airline industry.

Arbitration Goals and Results

I. All arbitrators compensated by the NMB will be sent their payment within 3 business days following NMB's receipt of an appropriate voucher.

FY 2002 Baseline	Target achieved 49%
FY 2005 Target	100%
FY 2005 Performance	85%

II. Monitor case loads and authorizations to encourage arbitrators to issue awards in all cases within 180 calendar days of hearing dates.

FY 2002 Baseline	PLB/SBA Target achieved 81%
FY 2005 Target	100%
FY 2005 Performance	91%

FY 2002 Baseline	NRAB Target achieved 50%
FY 2005 Target	100%
FY 2005 Performance	71%

III. At the National Railroad Adjustment Board, reduce the average length of time between the hearing of cases and decisions to 112 days or less.

FY 2004 Baseline	Target achieved 47%
FY 2005 Target	50%
FY 2005 Performance	35%

FINANCIAL REPORTS (FFMIA)

CFO Letter
October 25, 2005

The National Mediation Board (NMB) is pleased to present its Fiscal Year 2005 Performance and Accountability Report. The NMB continues to improve the management of the government's finances and the quality and timeliness of both financial reporting and performance management.

The agency maintains a financial management program of the highest quality. The program promotes accountability and efficiency in the expenditure of taxpayers' monies. The NMB is proud to have received an unqualified opinion from its auditors for the eighth consecutive year. This means that the agency has adhered to the highest standards of financial accountability.

While we are pleased with our accomplishments, we will continue to progress in all aspects of our performance. Following is the Fiscal Year 2005 National Mediation Board Audit Report for which the NMB received an unqualified opinion.

June D.W. King
Director, Office of Administration

NATIONAL MEDIATION BOARD

Audit Report
September 30, 2005

ALLMOND & COMPANY
Certified Public Accountants
8181 Professional Place, Suite 250
Landover, Maryland 20785
(301) 918-8200

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INDEPENDENT AUDITOR'S REPORT

Board Members
National Mediation Board

We audited the accompanying balance sheet of the National Mediation Board (NMB) as of September 30, 2005, and the related statements of net cost, changes in net position, and statements of budgetary resources and financing for the year then ended (the principal financial statements). These financial statements are the responsibility of NMB management and were prepared by NMB in accordance with Office of Management and Budget (OMB) Bulletin No. 01-09, Form and Content of Agency Financial Statements, as amended. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Government Auditing Standards, auditing standards generally accepted in the United States, and OMB Bulletin No. 01-02, Audit Requirements for Federal Financial Statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the principal financial statements referred to above present fairly, in all material respects, the financial position of NMB as of September 30, 2005, and its net costs, changes in net position, budgetary resources, and financing for the year then ended in conformity with accounting principles generally accepted in the United States.

We issued a draft of this report to NMB management and requested its comments. Management replied by indicating its general agreement with the audit results. In accordance with Government Auditing Standards, we issued separate reports dated October 25, 2005 on NMB's internal control and compliance with laws and regulations. Our reports on internal control and compliance are an integral part of an audit conducted in accordance with Government Auditing Standards and, in considering the results of the audit, those reports should be read together with this report.

ALLMOND & COMPANY

Marvin C. Allmond, CPA

October 25, 2005
Landover, Maryland

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board Members
National Mediation Board

We audited the accompanying balance sheet of the National Mediation Board (NMB) as of September 30, 2005, and the related statements of net cost, changes in net position, budgetary resources, and financing for the year then ended (the principal financial statements) and issued our report thereon, dated October 25, 2005. We conducted our audit in accordance with Government Auditing Standards, auditing standards generally accepted in the United States, and Office of Management and Budget (OMB) Bulletin No. 01-02, Audit Requirements for Federal Financial Statements.

In planning and performing our audit, we considered NMB's internal control over financial reporting by obtaining an understanding of NMB's internal control, determining whether internal control had been placed in operation, assessing control risk, and performing tests of control to determine auditing procedures for the purpose of expressing our opinion on the principal financial statements. We limited internal control testing to that necessary to achieve the objectives described in OMB Bulletin No. 01-02. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as the internal control relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not express an opinion on internal control.

With respect to internal control related to performance measures reported in NMB management's overview, we obtained an understanding of the design of significant internal control relating to the existence and completeness assertions, as required by OMB Bulletin 01-02. We also assessed control risk relevant to NMB intra-agency transactions and balances. Our procedures were not designed to provide assurance on internal control over reported performance measures, and accordingly, we do not express an opinion on such control.

Our consideration of internal control over financial reporting would not necessarily disclose all matters that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect NMB's ability to record, process, summarize, and report financial data consistent with assertions by management in the financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal control, misstatements, losses, or noncompliance may nevertheless occur and not be detected. We noted no conditions involving internal control and its operation that we consider reportable conditions.

Status of Prior-Year Recommendations

In the FY 2004 report on internal control, we did not describe any reportable conditions. Accordingly, no follow-up action is outstanding as it relates to resolving reportable conditions.

We issued a draft of this report to NMB management and requested its comments. Management replied by indicating its general agreement with the audit results. This report is intended solely for the information of NMB management, OMB, and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

ALLMOND & COMPANY

Marvin C. Allmond, CPA

October 25, 2005
Landover, Maryland

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Board Members

National Mediation Board

We audited the accompanying balance sheet of the National Mediation Board (NMB) as of September 30, 2005, and the related statements of net cost, changes in net position, budgetary resources, and financing for the year then ended (the principal financial statements) and issued our report thereon, dated October 25, 2005.

We conducted our audit in accordance with Government Auditing Standards, auditing standards generally accepted in the United States, and Office of Management and Budget (OMB) Bulletin No. 01-02, Audit Requirements for Federal Financial Statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

NMB management is responsible for complying with laws and regulations. As part of obtaining reasonable assurance about whether NMB's financial statements are free of material misstatement, we performed tests of its compliance with:

- Certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.
- Certain other laws and regulations specified in OMB Bulletin No. 01-02.
- Requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996.

We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to NMB. Our audit was not designed to provide an opinion on compliance with provisions of laws and regulations. Accordingly, we do not express such an opinion.

Our tests disclosed no instances of material noncompliance required to be reported under Government Auditing Standards. Additionally, we did not note any instances of immaterial noncompliance.

Under FFMIA, we are required to report whether the agency's financial management systems substantially comply with Federal financial management systems requirements, Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed the procedures specified in OMB's January 4, 2001, FFMIA implementation guidance. The results of our tests disclosed that NMB's financial management systems substantially complied with the three requirements in this paragraph.

We issued a draft of this report to NMB management and requested its comments. Management replied by indicating its general agreement with the audit results. This report is intended solely for the information of NMB management, OMB, and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

ALLMOND & COMPANY

Marvin C. Allmond, CPA

October 25, 2005
Landover, Maryland

NATIONAL MEDIATION BOARD
Fiscal Year 2005
Financial Statements

National Mediation Board
Balance Sheet
As of September 30, 2005 and September 30, 2004

	2005	2004
Assets		
Entity Assets:		
Intragovernmental		
Fund Balance with Treasury (Note 2)	$ 3,765,196	$ 3,496,636
Real Estate, Property and Equipment (Note 3)	211,314	397,894
Total Assets	**3,976,510**	**3,894,530**
Liabilities and Net Position		
Liabilities:		
Intragovernmental Liabilities:		
Accounts Payable	$ 93,172	$ 302,155
Governmental Liabilities:		
Accounts Payable	288,639	97,879
Accrued Payroll and Benefits	222,170	186,218
Unfunded Annual Leave	278,658	264,980
Total Liabilities	882,639	851,232
Net Position:		
Unexpended Appropriated Capital	3,161,215	2,910,385
Cumulative Results of Operations	(67,344)	132,913
Total Net Position	3,093,871	3,043,298
Total Liabilities and Net Position	**$ 3,976,510**	**$ 3,894,530**

The accompanying notes are an integral part of these financial statements.

NATIONAL MEDIATION BOARD
Fiscal Year 2005
Financial Statements

National Mediation Board
Statement of Net Cost
For the Year Ended September 30, 2005 and September 30, 2004

	2005	2004
Costs:		
Mediation/Representation, Arbitration, and Emergency Board		
Intragovernmental	$ 3,586,661	$ 3,026,593
With the Public	8,376,662	7,666,420
Total	11,963,323	10,693,013
Less Revenue from Services	(6,961)	0
Net Program Costs	**$ 11,956,362**	**$ 10,693,013**
Net Cost of Operations	**$ 11,956,362**	**$ 10,693,013**

National Mediation Board
Statement of Changes in Net Position
For the Year Ended September 30, 2005 and September 30, 2004

	2005	2004
Net Cost of Operations	$ (11,956,362)	$ (10,693,013)
Revenue and Financing Sources:		
Appropriated Capital Used	11,626,506	10,425,643
Donations	(186,580)	(108,697)
Imputed Revenue - Costs paid by others (Note 5)	316,176	279,397
Net Results of Operations	(200,260)	(96,670)
Net Change in Cumulative Results of Operations	(200,260)	(96,670)
Increase (Decrease) in Unexpended Appropriations	250,830	629,128
Change in Net Position	50,570	532,458
Prior Period Adjustment	0	0
Net Position - Beginning of Period	3,043,299	2,510,841
Net Position - End of Period	**$ 3,093,869**	**$ 3,043,299**

The accompanying notes are an integral part of these financial statements.

NATIONAL MEDIATION BOARD
Fiscal Year 2005
Financial Statements

National Mediation Board
Statement of Budgetary Resources
For the Year Ended September 30, 2005 and September 30, 2004

	2005	2004
Budgetary Resources:		
Budget Authority	$ 11,722,000	$ 11,421,000
Unobligated Balance - Beginning Period	2,485,022	1,845,180
Spending Authority from Offsetting Collections	6,961	22,003
Adjustments	(215,580)	(51,230)
Total Budgetary Resources	**$ 13,998,403**	**13,236,953**
Status of Budgetary Resources:		
Obligations Incurred	$ 11,366,787	$ 10,984,041
Unobligated Balance – Available	407,944	369,575
Unobligated Balance – Not Available	2,223,672	1,883,337
Total, Status of Budgetary Resources	**$ 13,998,403**	**13,236,953**
Outlays:		
Obligations Incurred	$ 11,366,787	$ 10,984,041
Less: Spending authority from offsetting collections and adjustments	(6,961)	(260,125)
Obligated Balance, Net – Beginning Period	1,237,669	1,202,795
Obligated Balance Transferred, Net		
Less: Obligated Balance, Net – End of Period	(1,133,580)	(1,235,669)
Total Outlays	**$ 11,463,915**	**10,691,042**

The accompanying notes are an integral part of these financial statements.

NATIONAL MEDIATION BOARD
Fiscal Year 2005
Financial Statements

National Mediation Board
Statement of Financing
For the Year Ended September 30, 2005 and September 30, 2004

	2005	2004
Resources Used to Finance Activities		
Obligations Incurred	$ 11,366,787	$ 10,984,041
Less: Spending authority for offsetting collections and adjustments	(6,961)	(702,248)
Donations not in the Budget	(186,580)	(108,697)
Imputed Financing	316,177	279,397
Total Resources Used to Finance Activities	11,489,423	10,452,493
Less: Resources Not Used to Finance Net Cost of Operations		
Change in Amount of Goods, Services and Benefits		
Ordered but not yet Received or Provided	$ (119,419)	$ (118,205)
Costs Capitalized on the Balance Sheet	17,378	71,805
Change in Downward Adjustment of Prior Period Obligations	(160,940)	(4,110)
Financing Sources that Fund costs of prior periods	13,678	(21,535)
Total Resources Not Used to Finance Net Cost of Operations	(249,303)	(72,045)
Total Resources Used to Finance Net Cost of Operations	11,738,725	10,524,538
Costs that do not require Resources:		
Depreciation and Amortization	$ 203,958	$ 190,010
Revaluation of Assets and Liabilities	13,678	(21,535)
Total Costs that do not require Resources	217,636	168,475
Net Cost of Operations	**$ 11,956,361**	**$ 10,693,013**

The accompanying notes are an integral part of these financial statements.

NATIONAL MEDIATION BOARD

Notes to Financial Statements
September 30, 2005 and September 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The National Mediation Board (NMB), established in 1934 under section 4 of the Railway Labor Act (RLA), is an independent U.S. federal government agency that performs a central role in facilitating harmonious labor-management relations within two of the nation's key transportation modes - the railroads and airlines. Recognizing the importance of these transportation industries to the public shippers, and consumers, as well as to the economy and security of the country, the RLA established NMB to promote four key statutory goals:

- The prompt and orderly resolution of disputes arising out of the negotiation of new or revised collective bargaining agreements;
- The avoidance of interruptions to interstate commerce;
- The protection of employee rights to self-organization; and
- The prompt and orderly resolution of disputes over the interpretation or application of existing agreements.

These financial statements include all activity related to NMB's appropriation (No. 9552400), the principal funding for all NMB activities.

NMB prepares its financial statements to be in conformity with general accepted accounting principles.

Budgets and Budgetary Accounting

Congress annually adopts a budget appropriation that provides NMB with authority to use funds from Treasury to meet operating and program expense requirements. NMB has single year budgetary authority and all unobligated amounts at year-end are expired. At the end of the fifth year all amounts not expended are canceled. All revenue received from other sources must be returned to the U.S. Treasury.

Basis of Accounting

NMB's financial statements are prepared under the accrual method of accounting. The accrual method of accounting requires recognition of the financial effects of transactions, events, and circumstances in the period(s) when those transactions, events, and circumstances occur, regardless of when cash is received or paid. NMB also uses budgetary accounting to facilitate compliance with legal constraints and to keep track of its budget authority at the various stages of execution, including allotment, obligation, and eventual outlay.

The Balance Sheet, Statement of Net Cost, Statement of Net Position, Statement of Budgetary Resources, and Statement of Financing have been prepared in accordance with generally accepted accounting principles.

Revenue and Other Financing Sources

NMB receives funds to support its programs through annual appropriations. These may be used to pay program and administrative expenses (primarily salaries and benefits, occupancy, travel, and contractual services costs).

Appropriations are recognized as revenue at the time they are used to pay program or administrative expenses. Appropriations used to acquire property and equipment are recognized as revenues when depreciation on the assets is recognized.

NMB also earns revenue when it bills for copies of subscriptions. These subscriptions are for determinations on the cases NMB handles.

NATIONAL MEDIATION BOARD
Notes to Financial Statements
September 30, 2005 and September 30, 2004

Fund Balances with the US Department of the Treasury

NMB does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by Treasury. The balance of funds with Treasury represents appropriated fund balances that are available to pay current liabilities and finance authorized purchase commitments relative to goods or services that have not been received.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. NMB capitalizes property and equipment purchases with a cost greater than $5,000, and a total useful life exceeding one year. Depreciation is calculated on a straight-line basis based on an estimated useful life of 5 years for all assets. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

When NMB enters into a lease agreement, as lessee, if the title of the asset transfers to NMB at the end of the lease, NMB capitalizes the lease if it is capitalizable and amortizes the cost over the economic useful life of the asset.

Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by NMB as the result of a transaction or event that has already occurred. However, no liability can be paid by NMB absent an appropriation. Liabilities for which an appropriation has not been enacted are therefore classified as Liabilities Not Covered by Budgetary Resources and there is no certainty that the appropriations will be enacted. Also, liabilities of NMB arising from other than contracts can be abrogated by the government, acting in its sovereign capacity.

Regarding NMB's building lease, the General Services Administration (GSA) entered into a lease agreement for NMB's rental of building space. NMB pays GSA a standard level users charge for the annual rental. The standard level users charge approximates the commercial rental rates for similar properties. NMB is not legally a party to any building lease agreements, so it does not record GSA-owned properties and does not disclose future minimum lease payments.

Accrued Leave

Accrued payroll and benefits reflect salaries and benefits that have been earned, but not disbursed as of September 30, 2005.

Unfunded Annual Leave

Annual leave is accrued as a liability as it is earned. The accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates. To the extent that the current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future appropriations. Sick leave and other types of non-vested leave are charged to expense as the leave is used.

Liabilities Not Covered By Budgetary Resources

These liabilities are not funded by direct budgetary authority. Liabilities not covered by budgetary resources result from the receipt of goods or services in the current or prior periods, or the occurrence of eligible events in the current or prior periods for which appropriations, revenues, or other financing sources of funds necessary to pay the liabilities have not been made available through Congressional appropriations or current earnings of the reporting entity. Liabilities not covered by budgetary resources as of September 30, 2005 were:

	FY 2005	FY 2004
Unfunded Annual Leave	$ 278,658	$ 264,980

NATIONAL MEDIATION BOARD
Notes to Financial Statements
September 30, 2005 and September 30, 2004

Net Position

Appropriated fund balance consists of the following components:

Unexpended appropriated capital - represents amounts of unavailable and available spending authority that are unobligated, or obligated but not expended. The obligated amount represents amounts for goods and/or services outstanding for which funds have been obligated, but the liabilities have not been accrued.

	FY 2005	FY 2004
Unobligated, available	$ 0	$ 0
Unobligated, unavailable	2,631,616	2,260,967
Undelivered Orders	529,599	649,418
Unexpended Appropriated Capital	**$ 3,161,215**	**$ 2,910,385**

Invested capital - represents NMB's cost of property, plant and equipment, inventory and operating materials and supplies acquired that has been financed by appropriations less the reduction in investment due to depreciation.

Future funding requirements - represents the liabilities not covered by available budgetary resources.

Retirement Plan

NMB's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7 percent of their gross pay to the plan, and NMB contributes 8.51 percent.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and are eligible for Social Security benefits. Employees hired prior to January 1, 1984, could elect either to transfer to the FERS plan and become eligible for Social Security benefits or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which NMB automatically contributes 1 percent of employees' pay and matches any employee contribution up to an additional 4 percent of pay.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is therefore not disclosed by NMB. The reporting of these amounts is the responsibility of the Office of Personnel Management.

During fiscal year 2005 and 2004, NMB paid $69,168 and $159,832 for CSRS, and $379,409 and $329,566 for FERS, respectively for its employees' coverage.

Tax Status

NMB, as an independent Board of the executive branch, a federal agency, is not subject to federal, state, or local income taxes, and, accordingly, no provision for income tax is recorded.

NATIONAL MEDIATION BOARD
Notes to Financial Statements
September 30, 2005 and September 30, 2004

NOTE 2: FUND BALANCES WITH TREASURY

Fund balances with Treasury were entirely entity assets from appropriations and consisted of the following:

	FY 2005	FY 2004
Unobligated	$ 1,133,580	$ 1,235,669
Unobligated Available	0	0
Undelivered Restricted	2,631,616	2,260,967
Fund Balances with Treasury	**$ 3,765,196**	**$ 3,496,636**

NOTE 3: PROPERTY AND EQUIPMENT, NET

Property and equipment, and related accumulated depreciation, at September 30, 2005 and September 30, 2004 consisted of:

	FY 2005	FY 2004
Equipment-Capitalized	$ 567,070	$ 549,692
Computer Software-Capitalized	131,325	131,325
Leasehold Improvements	1,133,508	1,133,508
Capital Lease	23,362	23,362
	1,855,265	1,837,887
Less: Accumulated Depreciation	(1,643,951)	(1,439,993)
Total Property and Equipment, net	**$ 211,314**	**$ 397,894**

NATIONAL MEDIATION BOARD
Notes to Financial Statements
September 30, 2005 and September 30, 2004

NOTE 4: PROGRAM/OPERATING EXPENSES

Although OMB 01-09 does not require that operating expenses be broken out by program and object classification, for FY 2005, NMB has chosen to display its operating expenses by object classification for FY 2005 and FY 2004. NMB only has one program.

	FY 2005	FY 2004
Personnel Compensation	$ 6,966,501	$ 6,456,553
Personnel Benefits	1,315,691	1,237,838
Former Benefits	0	0
Travel of Persons	686,761	730,662
Transportation of Things	11,534	12,923
Rent/Comm/Utilities	1,260,793	1,161,124
Printing	39,766	55,720
Other Services	844,634	493,480
Supplies	217,184	169,236
Equipment	49,991	(89,238)
Unvouchered	36,654	16,844
Total	**$ 11,429,509**	**$ 10,245,142**

NATIONAL MEDIATION BOARD
Notes to Financial Statements
September 30, 2005 and September 30, 2004

NOTE 5: PENSIONS, OTHER RETIREMENT BENEFITS, AND OTHER POST RETIREMENT BENEFITS

The NMB reports the full cost of employee pensions, other retirement benefits, and other post-employment benefits in accordance with SFFAS No. 5, Accounting for Liabilities of the Federal Government. Although the NMB funds a portion of the benefits under FERS and CSRS relating to its employees and withholds the necessary payroll deductions, a portion of the Normal Pension Cost remains unpaid. SFFAS No. 5 requires the recognition of this remaining cost as imputed financing.

Pension and other retirement benefit expenses are calculated using cost factors determined by actuaries at the Office of Personnel Management. These cost factors are calculated based on economic and demographic assumptions. The cost factor is multiplied by the basic pay in order to obtain the "Normal Cost" for the accounting period. This Normal Cost is the present value of the projected benefits of each employee allocated on a level basis over the service of the employee between entry age and assumed exit age.

The imputed financing amount represents the difference between the employer's total pension expense and the employer's contribution. For the period ending September 30, 2005 the Normal Cost, employer's total pension expense, employer's contribution and imputed financing amounts were as follows:

Employee Type	Normal Cost	Employer's Total PensionExpense	Employer's Contribution	Employer's Imputed Financing Expense
CSRS	$ 231,066	$ 66,837	$ 133,675	$ 97,391
CSRS Offset	9,850	459	4,032	5,818
FERS	408,460	28,415	408,460	0
Total	**$ 649,376**	**$ 95,711**	**$ 546,167**	**$ 103,209**
Health Insurance				212,055
Life Insurance				912
Total				**212,967**
Grand Total Imputed Financing				**$ 316,176**

INTERNAL CONTROLS (FMFIA)

REPORT OF THE NATIONAL MEDIATION BOARD (NMB) FOR FISCAL YEAR 2005 (FY 05) PURSUANT TO SECTIONS 2 AND 4 OF THE INTEGRITY ACT. (SEE: 31 U.S.C. § 3512(D)(2) AND (D)(2)(B), RESPECTIVELY).

FY 05 Internal Controls Evaluation

The FY 05 NMB Internal Controls Evaluation establishes a reasonable assurance that the agency's controls are achieving their intended objectives and that the agency's financial management systems conform with government-wide requirements.

The NMB's concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits derived and that the benefits should reduce the risk of failing to achieve stated objectives.

Furthermore, the NMB's systems of internal accounting and administrative control provide reasonable assurance that:

- Obligations and costs are in compliance with applicable law;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the assets.

The NMB is a small independent agency with limited resources. Consequently, the cost of an annual evaluation of each function or assessable unit of the NMB will outweigh the benefits derived. OMB Circular A-123, Management Accountability and Control, revised June 21, 1995, encourages agency heads to streamline Integrity Act compliance efforts by ensuring that the cost of evaluation methods do not outweigh the benefits derived. As a result, NMB has adopted the following techniques to obtain feedback on the effectiveness of its management controls:

- Questionnaires;
- Annual internal control review of one assessable unit or one component;
- Chief Financial Officer Act (CFO) audits of financial statements; and
- Summary of instances of non-compliance that come to management's attention during the year.

The NMB continues to evaluate and to improve the agency's internal control systems in accordance with the Office of Management and Budget's Guidelines for the Evaluation and Improvement of and Reporting on Internal Control System in the Federal Government, and the Comptroller General's Guidelines.

FY 05 Financial Statement Audit

Finally, the NMB's FY 05 Financial Statement Audit in accordance with the Chief Financial Officers (CFO) Act of 1990 has been completed. This is the NMB's eleventh year undergoing such an audit. The audit has disclosed no material weaknesses in the agency's internal control system.

INTERNAL CONTROLS (FMFIA)

Documentation and Statistical Summary Enclosures

The NMB's FY 05 Internal Control Evaluation is formulated pursuant to the agency's Management Control Plan (Plan) at Enclosure A. The agency's annual internal control evaluation employs the techniques on pages 3-4 of the Plan to obtain feedback from managers and employees. In support of the evaluation, the NMB prepares a Statistical Summary of Performance reflecting a five (5) year history as well as, the current FY 05 reporting year at Enclosure B. Finally, to assist the review of this report, a brief description of the Conduct of the Internal Control Evaluation Process is found at Enclosure C.

Summary

Based on the FY 05 NMB review, there is a reasonable assurance that the NMB controls are achieving their intended objectives and that the agency's accounting systems are in conformance with the principles, standards, and related requirements prescribed by the Comptroller General.

-Enclosures-

ENCLOSURE A

National Mediation Board
Documentation of Management Control Plan

Prepared By:
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Certified Public Accountants
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Introduction

The National Mediation Board (NMB or Board) was established in 1934 under section 4 of the Railway Labor Act (Title 45 of the US Code) as an independent agency in the executive branch of the United States Government. The Board's main goals are:

- The prompt and orderly resolution of disputes arising out of the negotiations of new or revised collective bargaining agreements;
- The avoidance of interruptions to interstate commerce;
- The protection of employee rights to self-organization; and
- The prompt and orderly resolution of disputes over the interpretation or application of existing agreements.

Amendments in 1936 and 1981 expanded the Board's authority to include jurisdiction over airlines and publicly funded and operated commuter passenger railroads respectively.

As authorized by the regulations, the Board members may appoint officers and employees to assist in effectively performing the functions of the Board. In addition the Board may also fix salaries and make such expenditures as are necessary for the execution of the functions vested in the Board by Congress. Currently, the Board is authorized 52 full time equivalent positions.

During fiscal year 1996, the Board initiated a reorganization which included consolidating the mediators to the Washington, DC headquarters. A small satellite office is maintained in Chicago, IL to support the work of the National Railroad Adjustment Board (NRAB). The NMB receives its entire funding through an annual appropriation that totaled $11,628,224 in FY 2005. The Board has no other source of revenue.

FMFIA and OMB A-123

The importance of management controls is addressed in many statutes and executive documents. The Federal Managers' Financial Integrity Act (FMFIA) passed in 1982, establishes specific requirements with regard to management controls. The "agency head" must establish controls that reasonably ensure that: (1) obligations and costs comply with applicable law; (2) assets are safeguarded against waste, loss, unauthorized use or misappropriation; and (3) revenues and expenditures are properly accounted for and recorded. In addition, the agency head annually must evaluate and report on the control and financial systems that protect the integrity of Federal programs. The Act encompasses program, operational, and administrative areas as well as accounting and financial management.

The Office of Management and Budget's (OMB) implementation guide for FMFIA is contained in OMB Circular No. A-123, Management Accountability and Control, which was initially issued in August 1983 and amended in August 1986 and June 1995. The Circular states that agencies and individual Federal Managers must take systematic and pro-active measures to: (1) develop and implement appropriate, cost effective management controls for results oriented management; (2) assess the adequacy of management controls in Federal programs and operations; (3) identify needed improvements; (4) take corresponding corrective action; and (5) report annually on management controls. Management controls are the organizational structures, policies, and procedures being utilized as tools to help program and financial managers achieve results and safeguard the integrity of their programs.

ENCLOSURE A

National Mediation Board
Documentation of Management Control Plan

OMB Circular A-123 and FMFIA identify three objectives of management controls. They are to ensure that (1) obligations and costs comply with applicable law, (2) assets are safeguarded against waste, fraud, loss, unauthorized use or misappropriation, and (3) revenues and expenditures are accounted for and recorded properly.

The best approach toward management controls required by FMFIA is to integrate the controls with other efforts to improve effectiveness and accountability. In this way, management controls become an integral part of the entire cycle of planning, budgeting, management, accounting, and auditing. They support the effectiveness and the integrity of every step of the process and provide continual feedback to management. The Board felt that developing a written strategy for internal agency use would help ensure that appropriate action is taken throughout the year to meet the objectives of FMFIA. Consequently, this document was designed to provide a framework for the development and continuous evaluation of management controls as required by FMFIA and OMB Circular A-123.

As part of the implementation of FMFIA, the General Accounting Office (GAO) established internal control standards for federal agencies in 1983. The GAO publication was titled Standards for Internal Controls in the Federal Government and was referred to as the Green Book. The NMB has strengthened its internal control system by ensuring that all the Green Book standards are an integral part of daily operations. NMB's management control system is composed of a plan of operations and polices and procedures adopted by management to ensure that: (1) resource use is consistent with laws, regulations, and policies; (2) resources are safeguarded against waste, fraud, and misuse, and; (3) reliable data is obtained, maintained, and fairly disclosed in reports. NMB recognizes that an appropriate balance of controls must exist in programs and operations. Too many controls can result in inefficient and ineffective government. Managers should benefit from controls, not be encumbered by them.

The proper stewardship of Federal resources is a fundamental responsibility of management and staff. Federal employees must ensure that government resources are used efficiently and effectively to achieve intended program results. Resources must be used in a manner consistent with the agency mission, in compliance with law and regulation, and with minimal potential for waste, fraud, and mismanagement.

Assessable Units

Due to the limited size of the NMB, the selection of assessable units was not a difficult process. Four assessable units were identified.

Mediation

The primary function of the NMB is to mediate collective bargaining agreements in the Railroad and Airline industries and avoid disruption of services in these industries due to strikes. The mediators work with representatives of the union and management in order to facilitate an agreement on a contract. Mediation is performed predominately by NMB staff.

Representation

Representation determines which unions have the right to represent a specific group of employees in contract negotiations. NMB monitors elections and certifies unions to represent the employees in contract negotiations. Representation investigations are also performed by NMB Staff.

Arbitration

In addition to mediating collective bargaining agreements between labor and management, the NMB provides arbitration services to clarify interpretations of those contracts as they apply to individual situations involving management and an employee. The arbitration services are performed through the NRAB. While the NRAB is a separate entity from the NMB, the activities of the NRAB are funded by the NMB. Arbitration services are generally provided by contract arbitrators rather than permanent NMB employees.

ENCLOSURE A

National Mediation Board
Documentation of Management Control Plan

Support Services

Support Services are the administrative and financial functions that provide support for the mediation, representation, and arbitration programs that are at the core of the Board's mission. These services include Personnel and Training, Travel, Procurement, Accounting, Budgeting, and Administrative Support.

Approach for FMFIA Compliance

The NMB is a small federal agency with limited resources. Consequently, the cost of an annual evaluation of each function or assessable unit of the NMB will outweigh the benefits derived. OMB Circular A-123 as revised in June 1995 encouraged agency heads to streamline their FMFIA compliance efforts by ensuring that the cost of evaluation methods do not outweigh the benefits derived. As a result, NMB has adopted the following techniques to obtain feedback on the effectiveness of its management controls:

- Questionnaires,
- Annual internal control review of one assessable unit or one component,
- Chief Financial Officer Act audits of financial statements, and
- Summary of instances of non compliance that come to management's attention during the year.

NMB managers will assess management controls in all assessable areas annually using a questionnaire. The questionnaire will be used to: (1) identify vulnerable areas; (2) identify management controls in place to prevent loss or unauthorized loss or unauthorized use of resources, errors in reporting, or violation of laws, regulations, or policies, and; (3) identify instances of non compliance with management controls. The questionnaire is used as the primary source of feedback and tool for reporting to the President and Congress annually.

Internal Control Reviews are utilized as a secondary method of assessing management controls. An internal control review will be performed annually of at least one assessable unit or component functional area. In performing the review NMB will:

- Gain an understanding of the functions (event cycles) performed by the assessable unit by reviewing the published policies and procedures and observing NMB employees performing their tasks.
- Prepare narrative descriptions and flowcharts of the policies and procedures in operation, and identified management controls in place.
- Assess the level of inherent risk and vulnerability to waste, loss, unauthorized use, or misappropriation as either high, medium, or low, and obtain NMB management's concurrence with the ratings based on the documented understanding of policies and procedures.
- Develop procedures and prepare plan(s) to test the adequacy and effectiveness of management controls in place for the review period. Where applicable, the requirements of OMB Circulars A-123, Management Accountability and Control, A-127, Financial Management System, and A-130, Management of Federal Information Systems will be considered.
- Perform the approved tests of management controls.

ENCLOSURE A

National Mediation Board
Documentation of Management Control Plan

An independent audit of the NMB's financial Statements will be performed annually. NMB prepares its financial statements as required under the Chief Financial Officers' (CFO) Act in accordance with OMB Bulletin Number 97-01, Statements of Federal Financial Accounting Standards (SFFAS), and the remaining hierarchy of federal accounting standards. The audit will be conducted in accordance with generally accepted auditing standards set by the American Institute of Certified Public Accountants; generally accepted government auditing standards as set forth in Government Auditing Standards, 1994 Revision (Yellow Book), and OMB Bulletin No. 93-06, Audit Requirements of Federal Financial Statements (or its successor). All findings on internal control weaknesses and noncompliance with laws, regulations, and directives identified in the audit report and management letter will be reviewed for inclusion in the annual FMFIA report. Currently, management receives feedback from various other sources such as monthly reporting by department managers, staff meetings, conferences and briefings, and self assessments. Information on instances of noncompliance with management controls will continue to be gathered from these sources and considered for FMFIA annual reporting.

Corrective Action and Follow Up

A management control deficiency will be reported to the next level of management. Employees and managers generally report deficiencies to the next supervisory level, which allows the chain of command structure to determine the relative importance of each deficiency.

Deficiencies in management controls and noncompliance with laws, regulations, and directives will be corrected by the responsible manager. Managers will report to the Board corrective actions initiated as well as those planned for future periods.

The extent to which corrective actions are tracked by the Board will be commensurate with the severity of the deficiency. Corrective action plans will be developed for all deficiencies included in the FMFIA report, and progress against plans will be periodically assessed and reported to the Board. The Board will track progress to ensure timely and effective results. For deficiencies that are not included in the FMFIA report, corrective action plans will be developed and tracked internally at the appropriate level.

NMB will conduct an annual review to evaluate whether corrective actions have been implemented and deemed adequate to prevent such deficiencies from occurring in the future. Adequate information on corrective actions shall be obtained and documented to make a complete and accurate reporting of corrective actions in the FMFIA report.

A determination that a deficiency has been corrected will be made only when sufficient corrective actions have been taken and the desired results achieved. This determination will be in writing for items included in the FMFIA report, and along with other appropriate documentation, should be available for review by appropriate officials.

The ability of managers to formulate and implement corrective actions will be one of their key performance measures. The Board will initiate actions reprimanding managers who continuously fail to carry out corrective actions necessary to reduce risk in vulnerable areas.

ENCLOSURE B

National Mediation Board
Statistical Summary of Performance

Report pursuant to Section 2 of the Integrity Act: Internal Control System

Overall compliance: Yes
Number of Material Weaknesses:

Period Reported	Reported	Corrected	Pending
Prior Years	0	N/A	0
2001 report	0	N/A	0
2002 report	0	N/A	0
2003 report	0	N/A	0
2004 report	0	N/A	0
2005 report	0	N/A	0

Pending Material Weaknesses (by function):

Category	Number	Year First Reported
Program management	0	N/A
Functional management:	0	N/A
Procurement	0	N/A
Grant management	0	N/A
Personnel & organizational management	0	N/A
ADP security	0	N/A
Payment systems and cash management	0	N/A
Loan management and debt collection	0	N/A
Property and inventory management	0	N/A

Report pursuant to Section 4 of the Integrity Act: Systems and Conformance

Overall compliance: Yes
Management Systems:

Existing Systems	Total	In Conformance
Prior years	1	1
2001 report	1	1
2002 report	1	1
2003 report	1	1
2004 report	1	1
2005 report	1	1

Pending Nonconformance:

Material nonconformance	Reported	Corrected	Pending
Prior Years	0	N/A	0
2001 report	0	N/A	0
2002 report	0	N/A	0
2003 report	0	N/A	0
2004 report	0	N/A	0
2005 report	0	N/A	0

Report pursuant to Section 4 of the Integrity Act: Financial Management Systems

Overall Compliance: Yes, Achieved 1988
Number of Material Weaknesses:

Period Reported FY 05	Reported	Corrected	Pending
Prior Years	0	N/A	0
2001 report	0	N/A	0
2002 report	0	N/A	0
2003 report	0	N/A	0
2004 report	0	N/A	0
2005 report	0	N/A	0

Pending Nonconformance:

Period Report: FY 05	Number	Year First Reported
General ledger control	0	N/A
Interfaces	0	N/A
Data accuracy, timeliness, comparability, usefulness	0	N/A
Property	0	N/A
Cash management	0	N/A
Receivables	0	N/A
Program costs	0	N/A
Payroll	0	N/A
Systems documentation	0	N/A
Audit trails, security	0	N/A
Other	0	N/A
Total	**0**	**N/A**

ENCLOSURE C

National Mediation Board
Description of the Conduct of the Internal Control Evaluation Process

The National Mediation Board (NMB) is a small independent agency with a total staff of 52 and a FY 2005 budget of appropriately $11,628,224. Therefore, selection of assessable units was a relatively simple process.

The agency is responsible for the following functions, each of which was determined to be an assessable unit:

- Mediation
- Representation
- Arbitration
- Support Services

The managers of each of these areas or programs were responsible for evaluating the above units for vulnerability to fraud, waste, and abuse of federal resources.

Each manager submitted a report to the agency's internal control committee. The committee, in turn, evaluated the various reports and submitted its report to the Board. The Board conducted a review of the reports. The Board consolidated the data from the reports and the independent auditor's report on internal control structure prepared as a result of the Chief Financial Officer Act audit of the financial statements. The annual report is prepared using the consolidated data. The Internal Control Committee monitors the planned action for improvement for the purpose of ensuring that weaknesses have been corrected as intended.

Because the NMB is very small, accounting and payments are very tightly controlled and carefully monitored. The NMB pays all bills promptly, in accordance with the Prompt Payment Act. In FY 2005, no penalty fees were paid for late payments.

As reported to the General Accounting Office, the NMB has monitored payments and has found no erroneous payments. It should be noted that the Board does not administer any benefits or grant programs. NMB does administer a student loan program. Four employees were accepted in the program in FY 2005.

NATIONAL RAILROAD ADJUSTMENT BOARD

Martin W. Fingerhut, Chairman
William R. Miller, Vice Chairman

NRAB BOARD MEMBERS

First Division	Second Division	Third Division	Fourth Division
Martin W. Fingerhut, Chairman	**John P. Lange,** Chairman	**Michael C. Lesnik,** Chairman	**Bjarne R. Henderson,** Chairman
Kim N. Thompson, Vice Chairman	**Richard S. Bauman,** Vice Chairman	**William R. Miller,** Vice Chairman	**Gary J. Campbell,** Vice Chairman
Richard K. Radek	Alexander M. Novakovic	Charlie A. McGraw	James R. Cumby
Marcus J. Ruef	Jay R. Cronk	Roy C. Robinson	N. Ray Cobb
John W. Babler	Daniel S. Anderson	David W. Volz	Jack S. Gibbins
Joseph P. Horbury, Sr.	Michael Bowgren	John F. Hennecke	Patricia A. Madden
William B. Murphy	John F. Ingham	LaVerne D. Miller	
Charles R. Wise	Russ Parks	Issac R. Monroe	
	Thomas N. Tancula	Thomas Rohling	
	H. Glen Williams	John S. Morse	

Cases Docketed and Closed by the National Railroad Adjustment Board

All Divisions	2005	2004	2003
Pending Cases at beginning of Fiscal Year	1484	1509	2023
New Cases	899	805	799
Closed Cases	650	830	1313
Pending Cases at end of Fiscal Year	1733	1484	1509

NATIONAL RAILROAD ADJUSTMENT BOARD

Martin W. Fingerhut, Chairman
William R. Miller, Vice Chairman

Referees

First Division

Benn, Edwin H.
Fischbach, Charles P.
Goldstein, Elliott H.
Kenis, Ann S.
O'Brien, Robert M.
Stallworth, Lamont E.
Twomey, David P.
Wallin, Gerald E.

Second Division

Benn, Edwin H.
Malin, Martin H.
McAlpin, Raymond
Zusman, Marty E.

Third Division

Benn, Edwin H.
Bierig, Steven M.
Cohen, Donald W.
Conway, James E.
Dennis, Rodney E.
Douglas, Robert L.
Goldstein, Elliott H.
Kenis, Ann S.
Klein, Jonathan I.
Mason, James E.
Meyers, Peter R.
Newman, Margo R.
O'Brien, Robert M.
Parker, Joan
Perkovich, Robert
Quinn, Frank X.
Richter, Robert G.
Vaughn, M. David
Wallin, Gerald E.
Wesman, Elizabeth C.
Zusman, Marty E.

Fourth Division

Hicks, Robert L.

SECTION 3
Tribunals Established FY 2005

Boards	Number
Public Law Board	97
Special Boards of Adjustment.	2
Arbitration Board	3

1. Public Law Boards, Special Boards of Adjustment and Arbitration Boards

1A. Carriers

Alton Railroad
Belt Railway Company of Chicago
Burlington Northern Santa Fe Railway Company
Canadian National
Chicago and Eastern Railroad Corporation
Chicago South Shore & South Bend Railroad
Colorado & Wyoming Railway Company
CP Rail System
CSX Transportation, Inc.
Delaware and Hudson Railway Company
Dakota, Minnesota & Eastern Railway
Elgin, Joliet & Eastern Railway
Florida East Coast Railroad
Genesee & Wyoming Railway Company
Illinois Central Railroad
Indiana Harbor Belt Railroad
Iowa Interstate Railway
Kansas City Southern
Long Island Rail Road
Longview Switching Company
Massachusetts Bay Commuter Railroad
Meridian Southern Railway, LLC
Metro North Commuter Rail
Montana Rail Link
National Railroad Passenger Corporation (AMTRAK)
Nebraska Central Railroad
New Jersey Transit Authority
Norfolk Southern Corporation
Northeast Illinois Regional Commuter
Port Terminal Railroad Association
Southeastern Pennsylvania Transportation Authority
Stockton Terminal & Western Railroad
Terminal Railroad Association of St. Louis
Texas Mexican Railway
Union Pacific Railroad Company
Union Railroad Company

SECTION 3
Tribunals Established FY 2005 (Continued)

1B. Unions

Association of Commuter Rail Employees
American Train Dispatchers Association
Brotherhood of Locomotive Engineers & Trainmen-IBT
Brotherhood of Maintenance of Way Employes-IBT
Brotherhood of Railroad Signalmen
International Association of Machinists & Aerospace Workers
International Brotherhood of Electrical Workers
International Brotherhood of Blacksmith & Boilermakers
International Longshoremen's Association
International Railway Supervisors Association
National Conference of Firemen and Oilers, SEIU
Sheet Metal Workers International Association
Transportation Communications International Union
Transport Workers Union of America
United Steel Workers of America
United Transportation Union

1C. Arbitrators (Public Law Board, Special Board of Adjustment or Arbitration Board)

John R. Binau
James E. Conway
John B. Criswell
Barbara Deinhardt
Rodney E. Dennis
Francis J. Domzalski
Dana E. Eischen
Nancy F. Eischen
Lewis L. Ellsworth
Gayle A. Gavin
Charlotte Gold
Elliott H. Goldstein
William E. Griffin, Jr.
Danielle L. Hargrove
Robert O. Harris
Robert L. Hicks
Joan Ilivicky
James R. Johnson
Ann S. Kenis
John B. LaRocco
Frank T. Lynch
Martin H. Malin
Herbert L. Marx, Jr.
Peter R. Meyers
James E. Nash
Robert O'Brien
Robert E. Peterson
Francis X. Quinn
Robert G. Richter
Thomas N. Rinaldo
Sean J. Rogers
Lynette A. Ross
Barry E. Simon
Edward L. Suntrup
David P. Twomey
M. David Vaughn
Gerald E. Wallin
Elizabeth C. Wesman
Marty E. Zusman

SECTION 3
Tribunals Established FY 2005 (Continued)

2. Labor Protective Provisions

2A. Carrier
Burlington Northern & Santa Fe Railway

2B. Union
United Transportation Union

2C. Arbitrator
Edward Suntrup

3. Union Shops

3A. Carrier
National Railroad Passenger Corporation (AMTRAK)

3B. Union
Transportation Communications International Union

3C. Arbitrator
Sean J. Rogers

MEDIATION, ADR, AND REPRESENTATION TABLES

Table 1 - Number of Cases Received and Closed Out

	FY-2005	FY-2004	FY-2003	FY-2002	FY-2001	FY-2000	Average 2000-04
Mediation							
Start-pending	56	63	51	66	61	74	63
New	58	41	55	44	70	65	55
Sum	114	104	106	110	131	139	118
Closed	43	48	43	59	65	78	58.6
End-pending	71	56	63	51	66	61	59.4
ADR							
Start-pending	15	16	18	21	28	16	19.8
New*	27	41	27	48	45	59	44
Sum	42	57	45	69	73	75	63.8
Closed*	24	42	29	51	52	47	44.2
End-pending	18	15	16	18	21	28	19.6
Representation							
Start-pending	1	4	4	8	15	14	9
New	32	60	55	66	66	75	64.4
Sum	33	64	59	74	81	89	73.4
Closed	33	63	55	70	73	74	67
End-pending	0	1	4	4	8	15	6.4
Total							
Start-pending	72	83	73	95	104	104	91.8
New	117	142	137	158	181	199	163.4
Sum	189	225	210	253	285	303	255.2
Closed	100	153	127	180	190	199	169.8
End-pending	89	72	83	73	95	104	85.4

** The ADR caseload shown here includes only airline, railroad or union cases.*

MEDIATION, ADR, AND REPRESENTATION TABLES

Table 2–Representation Case Disposition By Craft or Class, Employees Involved and Participating

Railroads	Number of Cases	Number of Crafts or Classes	Number of Employees Involved	Number of Employees Participating
Certifications	6	6	54	45
Dismissals	7	7	175	67
Totals	**13**	**13**	**229**	**112**

Airlines	Number of Cases	Number of Crafts or Classes	Number of Employees Involved	Number of Employees Participating
Certifications	8	8	744	452
Dismissals	12	12	9,648	4,213
Totals	**20**	**20**	**10,392**	**4,665**
Totals-Railroads and Airlines	**33**	**33**	**10,621**	**4,777**

MEDIATION, ADR, AND REPRESENTATION TABLES

Table 3–Number of Cases Closed by Major Groups of Employees

Railroads	Total Cases	Representation Cases	Mediation/ADR Cases
Agents, Telegraphers and Towermen	0	0	0
Boilermakers and Blacksmiths	0	0	0
Brakemen and Conductors	0	0	0
Carmen	2	0	2
Clerical Office, Station and Storehouse Employees	2	0	2
Conductors	1	0	1
Dining Car Employees, Train and Pullman Porters	0	0	0
Electrical Workers	2	1	1
Engineers and Related Employees	0	0	0
Engine Service	2	0	2
Firemen and Oilers	0	0	0
Locomotive Engineers	10	1	9
Locomotive Firemen and Hostlers	0	0	0
Locomotive Maintenance Employees	2	1	1
Longshoremen	0	0	0
Machinists	1	0	1
Maintenance of Way Employees	3	1	2
Marine Service Employees	0	0	0
Mechanical Department Foremen and/or Supervisor of Mechanics	0	0	0
Operating and Non-Operating Employees	0	0	0
Police Officers Below the Rank of Captain	0	0	0
Power Directors (Supervisors)	0	0	0
Railroad Freight Loaders and Handlers	0	0	0
Sheet Metal Workers	1	0	1
Signalmen	2	2	0
Subordinate Officials in the Maintenance of Way Dept	0	0	0
Subordinate Officials in the Maintenance of Equipment Department	0	0	0
Technical Engineers, Architects, Draftsmen and Allied Workers	0	0	0
Train Dispatchers	2	0	2
Train and Engine Service Employees	8	5	3
Train and Engine Service Employees and Maintenance Employees	4	2	2
Trainmen	1	0	1
Train Service Employees	0	0	0
Yardmasters	2	0	2
Combined Groups, Railroad	0	0	0
Miscellaneous, Railroad	0	0	0
Railroad Total	**45**	**13**	**32**

Table 3 Continued

Airlines	Total Cases	Representation Cases	Mediation/ADR Cases
Engineers and Related Employees	0	0	0
Fleet and Passenger Service Employees	1	1	0
Fleet Service Employees	3	2	1
Flight Attendants	9	2	7
Flight Deck Crew Members	3	1	2
Flight Dispatchers	4	3	1
Flight Engineers	0	0	0
Flight Kitchen and Commissary Employees	3	0	3
Flight Simulator Technicians	1	0	1
Maintenance Cleaners	1	0	1
Mechanics and Related Employees	9	6	3
Office Clerical Employees	1	0	1
Passenger Service Employees	2	0	2
Pilots	15	3	12
Ramp and Store	1	0	1
Stock and Stores Employees	1	1	0
Combined Groups, Airlines	0	0	0
Miscellaneous, Airlines	1	1	0
Airline Total	**55**	**20**	**35**
Grand Total, Railroads and Airlines	**100**	**33**	**67**

MEDIATION, ADR, AND REPRESENTATION TABLES

Table 4–Number of Craft or Class Determinations and Number of Employees Involved in Representation Cases, By Major Groups of Employees

Railroads	Number of Cases	Number of Craft or Class Determinations	Number of Employees	Percent of Employees Involved
Clerical Office, Station and Storehouse Employees	0	0	0	0
Conductors	0	0	0	0
Electrical Workers	1	1	0	0
Locomotive Engineers	1	1	5	-
Locomotive Firemen and Hostlers	0	0	0	0
Locomotive Maintenance Employees	1	1	4	-
Machinists	0	0	0	0
Maintenance of Way Employees	1	1	26	-
Sheet Metal Workers	0	0	0	0
Signalmen	2	2	3	-
Train Dispatchers	0	0	0	0
Train and Engine Service Employees	5	5	54	-
Train and Engine Service Employees and Maintenance Employees	2	2	20	-
Train Service Employees	0	0	0	0
Yardmasters	0	0	0	0
Combined Groups, Railroad	0	0	0	0
Miscellaneous, Railroad	0	0	0	0
Railroad Total	**13**	**13**	**112**	**1%**

Percent listing for each group represents the percentage of the 10,621 employees involved in all rail and airline cases in fiscal year 2005.
(-)Less than one percent.

Table 4 Continued

Airlines	Number of Cases	Number of Craft or Class Determinations	Number of Employees	Percent of Employees Involved
Engineers and Related Employees	0	0	0	0
Fleet and Passenger Service Employees	1	1	731	7
Fleet Service Employees	2	2	3,132	29
Flight Attendants	2	2	446	-
Flight Deck Crew Members	1	1	0	0
Flight Dispatchers	3	3	35	-
Flight Engineers	0	0	0	0
Mechanics and Related Employees	6	6	259	-
Office Clerical Employees	0	0	0	0
Passenger Service Employees	0	0	0	0
Pilots	3	3	40	-
Stock and Stores Employees	1	1	22	-
Combined Groups, Airlines	0	0	0	0
Miscellaneous, Airlines	1	1	0	0
Airline Total	**20**	**20**	**4,665**	**44%**
Grand Total, Railroads and Airlines	**33**	**33**	**4,777**	**45%**

MEDIATION, ADR, AND REPRESENTATION TABLES

Table 5–Number of Crafts or Classes Certified and the Percent of Employees Involved in Various Types of Representation Cases

	National Organizations			Local Unions and/or Individuals			Totals		
Railroads	Craft or Class	Employees Number	Involved Percent	Craft or Class	Employees Number	Involved Percent	Craft or Class	Employees Number	Involved Percent
Representation Acquired:									
Elections	1	4	-	3	33	-	4	37	-
Proved Authorizations	0	0	0	0	0	0	0	0	0
Representation Changed:									
Elections	1	5	-	1	3	-	2	8	-
Proved Authorizations	0	0	0	0	0	0	0	0	0
Representation Unchanged:									
Elections	0	0	0	0	0	0	0	0	0
Proved Authorizations	0	0	0	0	0	0	0	0	0
Total, Railroads	**2**	**9**	**-**	**4**	**36**	**-**	**6**	**45**	**-**
Airlines									
Representation Acquired:									
Elections	5	181	2%	0	0	0	5	181	2%
Proved Authorizations	0	0	0	0	0	0	0	0	0
Representation Changed:									
Elections	2	265	2%	1	6	-	3	271	2%
Proved Authorizations	0	0	0	0	0	0	0	0	0
Representation Unchanged:									
Elections	0	0	0	0	0	0	0	0	0
Proved Authorizations	0	0	0	0	0	0	0	0	0
Total, Airlines	**7**	**446**	**4%**	**1**	**6**	**-**	**8**	**452**	**4%**
Total, Combined Railroads and Airlines	**9**	**455**	**4%**	**5**	**42**	**-**	**14**	**497**	**5%**

Percent listing for each group represents the percentage of the 10,621 employees involved in all rail and airline cases in fiscal year 2005.
(-)Less than one percent.
Note: These figures do not include cases that were withdrawn or dismissed. Because of rounding, sums of individual items may not equal totals.

MEDIATION, ADR, AND REPRESENTATION TABLES
Table 6 – 9

Table 6 – Strikes in the Airline Industry

Carrier	Union	Craft and Class	Strike began	Strike ended	Duration (days)
Northwest Airlines*	AMFA	Mechanics & Related	8-20-05	Active	Active
Polar Air Cargo	ALPA	Pilots	9-16-05	10-2-05	17

** Both Northwest Airlines and AMFA exercised self-help effective 8-20-05.*

Table 7 – Strikes in the Railroad Industry

None*

** The Iowa Central & Elgin Railroad and the BLET entered a cooling-off period without reaching agreement or exercising self-help. They subsequently agreed to arbitrate their differences with assistance from the NMB.*

Table 8 – RLA Section 10 Presidential Emergency Boards

None

Table 9 – RLA Section 9a Presidential Emergency Boards

None

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Airline Mediation Cases Docketed

Carrier	Union	Craft/Class
Aer Lingus	IAM	Passenger Service Employees
Air Methods	OPEIU	Pilots
AirTran Airways	NPA	Pilots
Alaska Airlines	IAM	Ramp and Store Employees
American Eagle Airlines	TWU	Ramp and Store Employees
America West Airlines	AFA-CWA	Flight Attendants
Atlantic Southeast Airlines	AFA-CWA	Flight Attendants
British Airways	IAM	Mechanics and Related
British Airways	IAM	Office, Clerical, Fleet & Passenger Service
British Airways	IAM	Passenger Services Employees
Continental Airlines	IAM	Flight Attendants
Champion Airlines	ALPA	Flight Deck Crew Members
Chautauqua Airlines	IBT	Flight Attendants
ExpressJet Airlines	IAM	Flight Attendants
Gate Gourmet	IBT-HERE	Flight Kitchen and Commissary Employees
LSG Lufthansa Sky Chefs	HERE	Flight Kitchen and Commissary Employees
North American Airlines	IBT	Pilots
NetJets Aviation	IBT	Flight Attendants
NetJets Aviation	IBT	Mechanics and Related
Northwest Airlines	AMFA	Mechanics and Related
Northwest Airlines	PFAA	Flight Attendants
Petroleum Helicopters	OPEIU	Flight Deck Crew Members
PLH Aviation Services	IBT	Fleet Service Employees
Sun Country Airlines	ALPA	Pilots
USA3000 Airlines	ALPA	Pilots
Worldwide Flight Services	TWU	Fleet Service Employees

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Airline Mediation Cases Closed

Carrier	Union	Craft/Class
AirTran Airways	AFA-CWA	Flight Attendants
American Eagle Airlines	TWU	Flight Dispatchers
American Eagle Airlines	TWU	Ramp and Store Employees
British Airways	IAM	Mechanics and Related Employees
British Airways	IAM	Office, Clerical, Fleet & Passenger Service
British Airways	IAM	Passenger Service
Continental Airlines	TWU	Flight Simulator Technicians
Continental Airlines	IBT	Mechanics and Related Employees
Chautauqua Airlines	IBT	Flight Attendants
ExpressJet Airlines	ALPA	Pilots
Gate Gourmet	IAM	Flight Kitchen and Commissary Employees
Gate Gourmet	IBT-HERE	Flight Kitchen and Commissary Employees
Liat Caribbean Airlines	IAM	Passenger Service
LSG Lufthansa Sky Chefs	HERE	Flight Kitchen and Commissary Employees
Northwest Airlines	AMFA	Mechanics and Related Employees
Offshore Logistics	OPEIU	Pilots
PLH Aviation Services Corp.	IBT	Fleet Service Employees
Polar Air Cargo	ALPA	Pilots

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Railroad Mediation Cases Docketed

Carrier	Union	Craft/Class
Amtrak	JCC	Carmen
Amtrak	FOP	Police Officers below the rank of Captain
Amtrak	ATDA	Train Dispatchers
Amtrak	UTU	Yardmasters
Amtrak	NCFO	Firemen & Oilers
Birmingham Southern Railroad	UTU	Maintenance of Way Employees
Birmingham Southern Railroad	USWA	Engine Service Employees
Chestnut Ridge Railway	UTU	Train & Engine Service Employees
Delaware & Hudson Railway	IBEW	Electrical Workers
Detroit, Toledo & Ironton Railroad	BMWE-IBT	Maintenance of Way Employees
Detroit, Toledo Short Line Railroad	BMWE-IBT	Maintenance of Way Employees
Fort Worth & Western Railroad	UTU	Train & Engine Service Employees
Grand Trunk Western Railroad	BMWE-IBT	Maintenance of Way Employees
Metro-North Railroad	TCU	Clerks
Metro-North Railroad	TCU	Supervisors of Car Department
Metro-North Railroad	TWU	Carmen
Metro-North Railroad	TCU	Telegraphers
Metro-North Railroad	SMWIA	Sheet Metal Workers
Metro-North Railroad	TWU	Bartenders
Metro-North Railroad	IAM	Machinists
Metro-North Railroad	IBEW	Electrical Supervisors
Metro-North Railroad	IBEW	Electrical Workers
Metro-North Railroad	SEIU	Shop Laborers
Metro-North Railroad	IBT	Maintenance of Way Employees
Metro-North Railroad	TCU-ARASA	Supervisors of Maintenance of Way
Nat'l Carriers' Conference Comm.	RLBC	Mixed craft/class
Nat'l Carriers' Conference Comm.	UTU	Train, Engine and Yard Service
New Jersey Transit Rail	BRS	Signalmen
Paducah & Louisville Railway	UTU	Train & Engine Service Employees
Republic N & T Railway	USWA	Train & Engine Service Employees
SE Penn. Transit Authority	BLET	Locomotive Engineers
Wisconsin Central Railway	UTU	Yardmasters

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Railroad Mediation Cases Closed

Carrier	Union	Craft/Class
Birmingham South Railroad	USWA	Engine Service Employees
Birmingham South Railroad	UTU	Maintenance of Way Employees
Chestnut Ridge Railway	UTU	Train and Engine Service Employees
Consolidated Rail Corporation	UTU	Trainmen
CSX Transportation	UTU	Conductors
Delaware & Hudson Railway	BLE	Locomotive Engineers
Delaware & Hudson Railway	IBEW	Electrical Supervisors
Delaware & Hudson Railway	TCU	Carmen
Duluth, Missabe & Iron Range Railroad	ATDD	Train Dispatchers
Florida East Coast Railway Company	UTU	Train and Engine Service Employees
Florida East Coast Railway Company	UTU	Yardmasters
Fort Worth & Western Railroad	UTU	Train and Engine Service Employees
Kiamichi Railroad Company	ATDD	Train Dispatchers
Kiamichi Railroad Company	ATDD	Engine Service Employees
Kiamichi Railroad Company	ATDD	Maintenance of Way Employees
Nat'l Carriers' Conference Comm.	IAM	Machinists
Nat'l Carriers' Conference Comm.	SMWIA	Sheet Metal Workers
Pacific Harbor Line Railroad	BLET	Train & Engine Service Employees
Paducah & Louisville Railway	UTU	Train & Engine Service Employees
South Buffalo Railway Company	BLE	Locomotive Engineers
Soo Line Railroad	TCU	Clerical, Office Station & Storehouse
Soo Line Railroad	TCU	Carmen
Soo Line Railroad	UTU	Yardmasters
Soo Line Railroad	BLET	Locomotive Engineers
Union Railroad Company	USWA	Clerical, Office Station & Storehouse

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Airline ADR Cases Docketed & Closed

Airline ADR Cases Docketed

Carrier	Union	Craft/Class
Airborne Express	IBT	Flight Deck Crew Members
American Airlines	APA	Pilots
American Airlines	APA	Pilots
American Airlines	APA	Pilots
American Eagle Airlines	AFA-CWA	Flight Attendants
Arrow Air Cargo	IBT	Flight Deck Crew Members
Astar Air Cargo	ALPA	Pilots
Astar Air Cargo	ALPA	Pilots
Astar Air Cargo	ALPA	Pilots
Continental Airlines	IAM	Flight Attendants
Comair	ALPA	Pilots
Frontier Airlines	IBT	Stock and Store Employees
Frontier Airlines	FAPA	Pilots
Gemini Air Cargo	ALPA	Pilots
Independence Airlines	AFA-CWA	Flight Attendants
NetJets Aviation	IBT	Flight Deck Crew Members
United Parcel Service	IPA	Flight Deck Crew Members

Airline ADR Cases Closed

Carrier	Union	Craft/Class
Airborne Express	IBT	Flight Deck Crew Members
American Airlines	APA	Pilots
American Airlines	APA	Pilots
Atlantic Southeast Airlines	AFA-CWA	Flight Attendants
Astar Air Cargo	ALPA	Pilots
Astar Air Cargo	ALPA	Pilots
Continental Airlines	ALPA	Pilots
Continental Airlines	IAM	Flight Attendants
Champion Airlines	IBT	Flight Attendants
Comair	ALPA	Pilots
Frontier Airlines	FAPA	Pilots
Frontier Airlines	IBT	Maintenance Cleaners
Gemini Air Cargo	ALPA	Pilots
Kitty Hawk Air Cargo	ALPA	Pilots
Midwest Airlines	AFA-CWA	Flight Attendants
NetJets Aviation	IBT	Flight Deck Crew Members
Pinnacle Airlines	PACE	Flight Attendants

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Railroad ADR Cases Docketed & Closed

Railroad ADR Cases Docketed

Carrier	Union	Craft/Class
n.a.	BLET	Locomotive Engineers
n.a.	BLET	Engineers and Related
n.a.	BLET	Locomotive Engineers
n.a.	BLET	Engineers and Related
n.a.	BLET	Engineers and Related
n.a.	BLET	Locomotive Engineers
n.a.	BLET	Engineers and Related
CSX Transportation	BLET	Engineers and Related
CSX Transportation	BMWE-IBT	Maintenance of Way
Union Railroad	USWA	Locomotive Maintenance

Railroad ADR Cases Closed

Carrier	Union	Craft/Class
n.a.	BLET	Locomotive Engineers
n.a.	BLET	Engineers and Related
n.a.	BLET	Locomotive Engineers
n.a.	BLET	Engineers and Related
n.a.	BLET	Engineers and Related
n.a.	BLET	Engineers and Related
Union Railroad	USWA	Locomotive Maintenance

n.a. = not applicable

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Airline Representation Cases Docketed

Carrier	Union	Craft/Class
Allegheny Airlines and Piedmont Airlines	ALPA	Pilots
Bombardier Transit Systems Corp.	IRSA	Multiple Crafts/Classes
Continental Airlines	TWU	Fleet Service
Corporate Airlines (d/b/a American Connection)	IBT	Pilots
Executive Air Terminal	Individual-IAM	Mechanics and Related Employees
Frontier Airlines	AFA-CWA	Flight Attendants
GoJet Airlines	IBT	Pilots
North American Airlines	IBT	Flight Attendants
Petroleum Helicopter	OPEIU	Flight Deck Crew Members
Piedmont Airlines	IBT-IAM	Mechanics and Related Employees
Piedmont Airlines	IBT-IAM	Stock and Stores Employees
Piedmont Airlines	IBT-IAM	Flight Dispatchers
Pinnacle Airlines	TWU	Flight Dispatchers
Ryan International Airlines	TWU	Flight Dispatchers
Saudi Arabian Airlines	IAM	Flight Dispatchers
United Airlines	AMFA	Mechanics and Related Employees
United Airlines	AMFA	Mechanics and Related Employees
World Airways	IBT	Mechanics and Related Employees

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Airline Representation Cases Closed

Carrier	Union	Craft/Class	Disposition
Aircraft Serivce Int'l Group	IAM	Mechanics and Related Employees	Dismissal-ISI
Aircraft Serivce Int'l Group	IAM	Fleet Service Employees	Dismissal-ISI
Allegheny Airlines and Piedmont Airlines	ALPA	Pilots	FUI-Dismissal
Bombardier Transit Systems	IRSA	Multiple Crafts/Classes	FUI-Dismissal
Continental Airlines	TWU	Fleet Service Employees	Dismissal
Corporate Airlines (d/b/a American Connection)	IBT	Pilots	Certification
Executive Air Terminal	Individual-IAM	Mechanics and Related Employees	Certification
Frontier Airlines	AFA-CWA	Flight Attendants	Dismissal
GoJet Airlines	IBT	Pilots	Certification
North American Airlines	IBT	Flight Attendants	Certification
Petroleum Helicopter	OPEIU	Flight Deck Crew Members	FUI-Dismissal
Piedmont Airlines	IBT-CWA	Fleet and Passenger Service	Dismissal
Piedmont Airlines	IBT-IAM	Mechanics and Related Employees	Certification
Piedmont Airlines	IBT-IAM	Stock and Stores Employees	Dismissal
Piedmont Airlines	IBT-IAM	Flight Dispatchers	Certification
Pinnacle Airlines	TWU	Flight Dispatchers	Certification
Saudi Arabian Airlines	IAM	Dispatchers	Certification
United Airlines	AMFA	Mechanics and Related Employees	FUI-Dismissal
United Airlines	AMFA	Mechanics and Related Employees	FUI-Dismissal
World Airways	IBT	Mechanics and Related Employees	Dismissal-WDI

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Railroad Representation Cases Docketed

Carrier	Union	Craft/Class
Alabama & Gulf Coast Railway	UTU-AGCTE	Train and Engine Service Employees
Alabama & Tennessee River Railway	UTU	Train and Engine Service Employees
Burlington Northern Santa Fe Railway	BRS	Signalmen
Carolina Piedmont Railroad	UTU	Train and Engine Service Employees
Chicago, Ft. Wayne & Eastern Railway	BLET	Train and Engine Service Employees
Columbus & Greenville Railway	UTU-TOPS	Train and Engine Service Employees and Maintenance Employees
Ft. Worth & Western Railroad	UTU-Individual	Train and Engine Service Employees
Louisiana & North West Railroad	UTU-BLET	Locomotive Engineers
Montreal, Maine & Atlantic Railway	BMWE-IBT	Signalmen
Montreal, Maine & Atlantic Railway	BMWE-IBT	Maintenance of Way Employees
New Orleans & Gulf Coast Railway	BLET	Train and Engine Service Employees
Stillwater Central Railroad	BLET	Train and Engine Service Employees
Wisconsin Central Transportation Corp.	BRS	Electricians
Wisconsin & Southern Railroad	BLET	Train and Engine Service Employees

MEDIATION, ADR, AND REPRESENTATION CASE RECORD

Railroad Representation Cases Closed

Carrier	Union	Craft/Class	Disposition
Burlington Northern Santa Fe Railway	BRS	Signalmen	Administratively Closed
Carolina Piedmont Railroad	UTU	Train and Engine Service	Dismissal
Chicago, Ft. Wayne and Eastern	BLET	Train and Engine Service	Certification
Columbus & Greenville Railway	UTU-TOPS	Train and Engine Service and Maintenance	Certification
Huron and Eastern Railway Company	TCU	Train and Engine Service and Maintenance	Dismissal
Louisiana & North West Railroad	UTU-BLET	Locomotive Engineers	Certification
Montreal, Maine & Atlantic Railway	BMWE-IBT	Signalmen	Certification
Montreal, Maine & Atlantic Railway	BMWE-IBT	Maintenance of Way Employees	Dismissal
New Orleans & Gulf Coast Railway	BLET	Train and Engine Service	Certification
Stillwater Central Railroad	BLET	Train and Engine Service	Dismissal
St. Lawrence & Atlantic Railroad	BLET-UTU	Locomotive Maintenance	Certification
Wisconsin & Southern Railroad Company	BLET	Train and Engine Service	Dismissal
Wisconsin Central Transportation Corp.	BRS	Electricians	Dismissal-WDI

GLOSSARY

A-case Mediation Cases of the NMB

Act The Railway Labor Act

Agency The National Mediation Board

Alternative Dispute Resolution (ADR) ADR is a process for resolving disputes outside of the judicial system of law. In the venue of the NMB, where mediation and arbitration have been the mainstay processes for dispute resolution, Alternative Dispute Resolution is the facilitation of interest-based or mutual-interest negotiations and grievance mediation.

Amendable Contract Under the Railway Labor Act, collective bargaining agreements become subject-to-change on a specified date, rather than expiring as agreements do under the National Labor Relations Act.

Arbitration A type of grievance resolution process where an arbitrator renders a decision, which usually can be appealed judicially only on a very narrow basis such as fraud

Board May be one of:

National Mediation Board

Presidential Emergency Board

National Railroad Adjustment Board

Special Board of Adjustment

Public Law Board

National Labor Relations Board

Cabotage Airline cabotage is the carriage of air traffic that originates and terminates within the boundaries of a given nation by a foreign air carrier.

CFO Act Chief Information Officer's Act

Class I A category of the largest U.S. railroads as defined by the Surface Transportation Board

Collective Bargaining Agreement A labor contract between a union and a carrier

Cooling Off Period A 30-day period of time preceding the right of parties to a collection bargaining dispute to engage in "self help" under the RLA

Craft or Class A group of employees deemed by the NMB to share a community of work and interest for the purpose of collective bargaining under the RLA

Direct Negotiations Negotiations between the parties to a collective bargaining dispute before or apart from NMB mediation

E-Business The conduct of business on the Internet

Facilitation A process where a neutral helps the parties in a collective bargaining or grievance dispute use ADR problem-solving methods such as interest-based bargaining or grievance mediation

Grievance Mediation In the venue of the NMB, using mediation as an alternative to arbitration for resolving grievances

Impasse In mediation under the RLA, an impasse is when the NMB determines that further mediation will not resolve a collective bargaining dispute.

Interest Based Bargaining A type of negotiations where the parties collaboratively focus on finding solutions to underlying needs or concerns of each party (i.e., the whys) instead of adversatively negotiating specific positions

Laboratory Conditions Conditions to a representation dispute which ensure the independence of labor and management for the purpose of self-organization and the right of employees to freely determine whether they wish to be represented for the purpose of collective bargaining

Legacy Carriers A term applied to traditional major, hub-based airlines versus regional or point-to-point carriers

Mediation A type of dispute resolution process where a neutral (i.e., a mediator) facilitates agreement between the parties to a collective bargaining dispute, vis-a-vis imposing a settlement on the parties

These definitions are meant to provide general understanding only. They do not provide definitive definition regarding any matter before the Board and are not to be construed as legal definitions that may be cited in any administrative, legal or arbitral proceeding.

GLOSSARY
(Continued)

National Handling Mediation of a collective bargaining dispute where management of several railroads have chosen to negotiate collectively on a national basis

Open Skies Agreements that give airlines the right to operate air services from any point in one nation to any point in another nation

Proffer of Arbitration The step in the process of resolving collective bargaining disputes under the RLA, which follows a determination of impasse by the NMB, whereby the NMB offers binding arbitration to the parties as a method for resolving the dispute

Public Interest Meetings Under the RLA, the NMB can intervene in an active collective bargaining dispute at any time in the interest of the general public. Usually, one or both parties to a dispute requests the mediation services of the NMB.

Section 3 Section 153 of the RLA pertaining to the National Railroad Adjustment Board

Section 3 Committee A group of representatives from freight, regional and commuter railroads and representatives of major rail organizations whose goal is the improvement of resolution of minor disputes (grievances)

Section 6 Section 156 of the RLA pertaining to the changing of wages, rules, hours and working conditions

Section 7 Section 157 of the RLA pertaining to Arbitration

Section 9a, Section 159a Section 159A of the RLA pertaining to Presidential Emergency Boards for certain publicly-funded and operated commuter railroads

Section 10, Section 160 Section 160 of the RLA pertaining to Presidential Emergency Boards for airlines and railroads other than those covered by Section 9a

Self Help The right of a party to a collective bargaining dispute to unilaterally act in its own best interest. A carrier, for example, may lock disputing employees out of the workplace or implement changes in pay, rules and working conditions; and the union, for example, may work specifically as required by its collective bargaining agreement or strike.

Showing of Interest In a representation dispute, a majority of employees in a Craft or Class must indicate an interest in being represented for the purpose of collective bargaining by signing authorization cards which are submitted to the NMB by the representative/s of their choosing.

Status Quo Situations under the RLA in either collective bargaining or representation disputes where existing pay rates, rules and working conditions cannot be changed unilaterally, pending the resolution of the dispute in question.

Strike A work stoppage initiated by a union

System Boards of Adjustment An arbitration board pursuant to an agreement by the parties for resolving grievances.

Telephone Electronic Voting (TEV) A paperless balloting process using telephones instead of traditional paper ballots

Work Stoppage An interruption to the operations of an airline or railroad

ACRONYMS

ABX	Airborne Express
ADP	Automated Data Processing (information technology)
ADR	Alternative Dispute Resolution
ADRS	Alternative Dispute Resolution Services
AFA	Association of Flight Attendants
AGCTE	Alabama & Gulf Coast Transportation Employees
AIRCON	Airline Industrial Relations Conference
ALPA	Air Line Pilots Association
AMFA	Aircraft Mechanics Fraternal Association
AMTRAK	National Railroad Passenger Corporation
APA	Allied Pilots Association
ARASA	American Railway and Airline Supervisors' Association (TCU)
ASA	Atlantic Southeast Airlines
ATDD	American Train Dispatchers Department, BLE
BLET	Brotherhood of Locomotive Engineers and Trainmen
BMWE	Brotherhood of Maintenance of Way Employees
BRS	Brotherhood of Railroad Signalmen
CFO	Chief Financial Officer
CSRS	Civil Service Retirement System
CWA	Communication Workers of America
EEO	Equal Employment Opportunity
FAA	Federal Aviation Administration
FAPA	Frontier Airlines Pilot Association
FERS	Federal Employees' Retirement System
FFMIA	Federal Financial Management Improvement Act
FMFIA	Federal Managers' Financial Integrity Act of 1982
FOP	Fraternal Order of Police – NJ Labor Council
FTE	Full Time Employee or Full Time Equivalent
FUI	Findings Upon Investigation
FY	Fiscal Year
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GSA	General Services Administration
HERE	Hotel Employees and Restaurant Employees International Union
IAM	International Association of Machinists & Aerospace Workers
IBBB	The International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers
IBEW	International Brotherhood of Electrical Workers
IBT	Int'l Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America
IDP	Individual Development Plan
IFPTE	International Federation of Professional and Technical Engineers
IPA	Independent Pilots Association or Intergovernmental Personnel Act
IRSA	Independent Railway Supervisors Association
ISI	Insufficient Showing of Interest
IT	Information Technology
JCC	Joint Council of Carmen
JD	Juris Doctor (Doctor of Law)
NARA	National Archives & Records Administration
NCCC	National Carriers' Conference Committee
NCFO	National Conference of Firemen and Oilers
NLRA	National Labor Relations Act
NLRB	National Labor Relations Board
NMB	National Mediation Board
NPA	National Pilots Association
NRAB	National Railroad Adjustment Board
NSF	National Science Foundation
OA	Office of Administration
ODR	Online Dispute Resolution
OLA	Office of Legal Affairs
OMB	Office of Management and Budget
OPEIU	Office and Professional Employees International Union
PACE	Paper, Allied-Industrial, Chemical and Energy Workers International Union
PATH	Port Authority Trans Hudson
PEB	Presidential Emergency Board
PFAA	Professional Flight Attendants Association
PHI	Petroleum Helicopters, Inc.
PLB	Public Law Board
RLA	Railway Labor Act
RLBC	Rail Labor Bargaining Coalition
SBA	Special Board of Adjustment
SEIU	Service Employees International Union
SFFAS	Statements of Federal Financial Accounting Standards
SMWIA	Sheet Metal Workers International Union
TCU/TCIU	Transportation Communications International Union
TEV	Telephone Electronic Voting
TOPS	Train Operations, Performance and Service Employees
TWA	Trans World Airlines
TWU	Transport Workers Union of America
UMASS	University of Massachusetts - Amherst
UPS	United Parcel Service
USWA	United Steelworkers of America
UTU	United Transportation Union
WDI	Withdrawn During Investigation

REGISTRY OF BOARD MEMBERS

Name	Entered Office	Status	Date
Read Van de Water	12-11-03	Active	--
Harry R. Hoglander	08-06-02	Active	--
Edward J. Fitzmaurice, Jr.	08-02-02	Active	--
Francis J. Duggan	11-22-99	Retired	11-21-03
Magdalena G. Jacobsen	12-01-93	Retired	08-02-02
Ernest W. DuBester	11-15-93	Resigned	08-01-01
Kenneth B. Hipp	05-19-95	Resigned	12-31-98
Kimberly A. Madigan	08-20-90	Resigned	11-30-93
Patrick J. Cleary	12-04-89	Resigned	01-31-95
Joshua M. Javits	01-19-88	Resigned	11-14-93
Charles L. Woods	01-09-86	Resigned	01-15-88
Helen M. Witt	11-18-83	Resigned	09-18-88
Walter C. Wallace	10-12-82	Term Expired	07-01-90
Robert J. Brown	08-20-79	Resigned	06-01-82
Robert O. Harris	08-03-77	Resigned	07-31-84
Kay McMurray	10-05-72	Term Expired	07-01-77
Peter C. Benedict	08-09-71	Deceased	04-12-72
David H. Stowe	12-10-70	Retired	07-01-79
George S. Ives	09-19-69	Retired	09-01-81
Howard G. Gamser	03-11-63	Resigned	05-31-69
Robert O. Boyd	12-28-53	Resigned	10-14-62
Leverett Edwards	04-21-50	Resigned	07-31-70
John Thad Scott, Jr.	03-05-48	Resigned	07-31-53
Francis A. O'Neill, Jr.	04-01-47	Resigned	04-30-71
Frank P. Douglass	07-03-44	Resigned	03-01-50
William M. Leiserson	03-01-43	Resigned	05-31-44
Harry H. Schwartz	02-26-43	Term Expired	01-31-47
David J. Lewis	06-03-39	Resigned	02-05-43
George A. Cook	01-07-38	Resigned	08-01-46
Otto S. Beyer	02-11-36	Resigned	02-11-43
John M. Carmody	07-21-34	Resigned	09-30-35
James W. Carmalt	07-21-34	Deceased	12-02-37
William M. Leiserson	07-21-34	Resigned	05-31-39

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