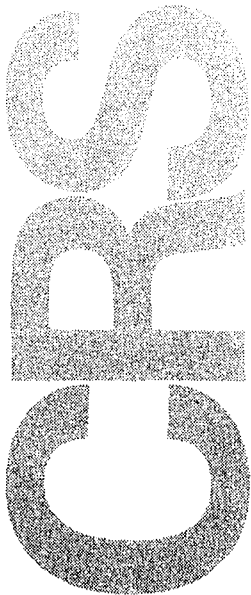
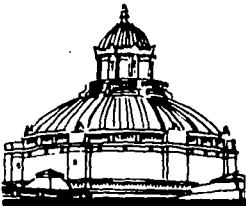

CRS REPORT FOR CONGRESS

**EMPLOYEE PROTECTION LEGISLATION:
A COMPARISON OF H.R. 1101, H.R. 2828 AND H.R. 3332**

Three bills in the 100th Congress extend certain rights to workers in the airline, telecommunications, and railroad industries who lose their jobs or who suffer losses in pay or job status as a result of mergers or divestitures. These rights include financial compensation, rehire rights and various other forms of assistance.



by
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EMPLOYEE PROTECTION LEGISLATION:
A COMPARISON OF H.R. 1101, H.R. 2828 AND H.R. 3332

SUMMARY

Each of the three bills extends various rights and benefits to workers in a particular industry who lose their jobs or are demoted under certain conditions. These rights and benefits include financial compensation, rehire rights, seniority rights, relocation assistance and employment information services. The specific provisions of each bill in each of these categories are compared in this report.

H.R. 1101, which passed the House on June 22, 1987, deals with airline employees who are affected by corporate mergers. The bill directs the Secretary of Transportation to impose labor protective provisions as a condition of approval of an airline merger which would tend to reduce employment. The bill itself does not specify particular labor protective provisions, but the written report of the Committee on Public Works and Transportation (House Report 100-142) refers to the provisions of the Airline Deregulation Act of 1978 (Public Law 95-504) and to the labor protections commonly imposed by the Civil Aeronautics Board (CAB) in airline mergers prior to deregulation. For the purposes of this report, the provisions of the Deregulation Act and the CAB tradition are assumed to comprise the intent of H.R. 1101.

H.R. 2828 covers employees of the old Bell telephone system -- American Telephone & Telegraph Co. and all its former subsidiaries and affiliates -- who have lost their jobs as a result of the divestiture, or breakup, of the system. Consequently, it applies only to workers who were employed on December 31, 1983, the date of the breakup of the Bell system.

H.R. 3332 is intended to close a perceived loophole in current law, whereby railroad workers are entitled to certain rights and benefits if their employer is purchased by another railroad, but not if the buyer is other than a railroad. The bill extends some of the protections enjoyed by other railroad workers to workers whose company is purchased by a nonrailroad entity.

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EMPLOYEE PROTECTION LEGISLATION:
A COMPARISON OF H.R. 1101, H.R. 2828, AND H.R. 3332

H.R. 1101, H.R. 2828 and H.R. 3332 each extend certain rights and benefits to employees of a different industry (airlines, telecommunications, and railroads, respectively) who lose their jobs due to corporate restructuring -- merger or divestiture. The comparison below sets out the provisions of each in five key areas: financial compensation, rehire rights, seniority rights, relocation assistance, and employment information services. Finally, the bills are compared on the basis of which workers are covered and which excluded from the protections extended by the legislation.

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¹ For legislative intent see: U.S. Congress. House. Committee on Public Works and Transportation. Fair Treatment of Aviation Employees. Report to accompany H.R. 1101, 100th Cong., 1st sess., June 20, 1987. (House Report 100-142) p. 2. For an account of CAB regulation of employee treatment in airline mergers, see: U.S. Library of Congress. Congressional Research Service. Airline Mergers and Labor Protective Provisions, by Linda LeGrande. May 17, 1988. Issue Brief 87179. p. 2-4.

FINANCIAL COMPENSATION

H.R. 1101 Under the CAB (Allegheny-Mohawk conditions): Laid off workers received 60 percent of their salary for up to 5 years, depending on seniority. Demoted workers received a displacement allowance which made up the difference between their old and new salaries. Certain benefits, such as hospitalization, were retained for a time by laid-off workers. Under the Deregulation Act: Workers would receive a monthly assistance payment for layoff or a wage cut in an amount to be determined by the Secretary of Labor, for a period not to exceed 72 months.

H.R. 2828 No provision.

H.R. 3232 Laid off workers receive a separation allowance based on seniority, not to exceed \$30,000, equal to 12 months pay for employees with over 6 years experience, declining to a week's pay for workers with less than 6 months experience.

REHIRE RIGHTS

H.R. 1101 Under the CAB: no provision. Under the Deregulation Act: Airlines hiring workers shall have the duty to hire protected workers laid off by other air carriers before hiring other persons.

H.R. 2828 Covered workers shall have the first right of hire by any of the companies that formerly made up the Bell system. Wages upon rehire shall be at least equal to those of the worker's previous Bell system job.

H.R. 3332 Employees of a railroad acquired through merger shall have the first right of hire by the acquiring company. They shall be presumed physically and mentally qualified for available positions. If laid off by the new company within 3 years, they shall be eligible for the separation allowance described above.

SENIORITY RIGHTS

H.R. 1101 Under the CAB: Seniority lists of merging carriers must be integrated in a fair and equitable manner. Under the Deregulation Act: Workers hired under right of first hire shall retain their seniority, and shall retain the right of recall to their old job.

H.R. 2828 Rehired workers shall be given credit for training and experience they would normally have acquired had they not been laid off since December 31, 1983. Workers shall be rehired by order of seniority.

H.R. 3332 The right to rehire shall be by order of seniority.

RELOCATION ASSISTANCE

H.R. 1101 Under both the CAB and the Deregulation Act: Workers required to move to accept new covered employment (that is, employment with another airline) shall be paid reasonable moving expenses and shall be compensated for losses incurred through the sale of a home at less than market value or through breaking a lease.

H.R. 2828 When a laid off worker has to move to accept new covered employment, actual moving expenses and losses from sale of residence at below fair market value or cancelling a lease shall be reimbursed by the company which laid off the employee.

H.R. 3332 No provision.

EMPLOYMENT INFORMATION SERVICES

H.R. 1101 Under the CAB: No provision. Under the Deregulation Act: The Secretary of Labor shall maintain and periodically publish a list of jobs available in the airline industry, and shall also assist protected employees in finding other employment.

H.R. 2828 Available protected positions shall be published in a monthly list compiled by the former Bell system companies, to be made available at company work centers and employment offices and to the locals of unions representing the companies' employees.

H.R. 3332 No provision.

COVERAGE

H.R. 1101 Under the CAB: No financial compensation to workers with less than a year's experience. Under the Deregulation Act: Only workers with 4 or more years of experience are covered. H.R. 1101 limits the imposition of labor protective provisions to those mergers which the Secretary of Transportation determines would tend to cause reduction in employment or adversely affect the wages and working conditions, including the seniority, of any employees. Labor protective provisions need not be imposed if the Secretary finds that the projected cost of such provisions would exceed the anticipated benefits of the merger transaction. The proponents of the merger shall bear the burden of proving that the merger will not affect employees adversely, or that the costs of labor protection would be excessive.

H.R. 2828 Coverage is limited to persons who were employed by some part of the Bell telephone system on December 31, 1983, the time of the divestiture, and who earned less than \$50,000 at that time and held nonsupervisory positions. Eligible protected positions -- jobs for which former Bell employees are to have first hiring rights -- are likewise limited to nonsupervisory positions and jobs currently paying less than \$50,000 in 1983 dollars, adjusted for inflation.

H.R. 3332 The provisions of the bill are intended to benefit railroad employees whose employing company is purchased by a nonrailroad entity. Employees who lose jobs or pay due to mergers between two railroads are protected under current law.²

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² Walgren, Doug. Restoring Railroad Employee Protections. Remarks in the House. Congressional Record [daily ed.], v. 134, September 22, 1987. p. E3663.