ALL LOCAL UNIONS
SYSTEM COUNCIL NO. 2

Dear Brothers and Sisters:

The IBEW Railroad Department recently updated the "Reporting Requirement for Railroad Local Unions Guide", and OE-1a forms for 2017. The updated forms and Guide can be found on the IBEW website under (Local Connections) > (Railroad Resources) > (Railroad Retirement Tax info). Here you will find the simplified forms. All you have to do is enter names, titles, monthly salaries and other wage payments for the forms to self-populate and self-tabulate. Detailed instructions can be found in the guide. This information was recently sent to all Local Union Presidents, Local Chairmen and to those persons who are currently filing the OE-1a forms for the local union. The withholding, payments, and reporting of Railroad Retirement taxes for officers and employees of local unions who are paid $25.00 per month or more are required under the Railroad Retirement Act. The Railroad Department recently advised that they are only receiving OE-1a reports from forty-four (44) local unions, meaning that many locals are either not paying their officers, or are not properly reporting Railroad Retirement taxes. Therefore, I urge all local unions to please read and familiarize yourself with the updated guide.

The amounts of compensation subject to railroad retirement tier I and tier II payroll taxes increased in 2017, while the tax rates on employers and employees stayed the same. Also, unemployment insurance contribution rates paid by railroad employers continue to include a 1.5 percent surcharge for 2017. The railroad retirement tier I payroll tax rate on covered rail employers and employees for 2017 remain at 7.65 percent. The railroad retirement tier I tax rate is the same as social security tax, and for withholding and reporting purposes, is divided into 6.20 percent for retirement, and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20

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percent increases from $118,500 to 127,200 for 2017, with no maximum on earnings subject to the 1.45 percent Medicare rate. The tier II tax rates for 2017 remain at 4.9 percent for employees and 13.1 percent for employers. The maximum amount of earnings subject to railroad retirement tier II taxes for 2017 increased to $94,500 from 88,200. Since 2004, tier II tax rates are based on an average account benefits ratio reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employees can be between 0 percent and 4.9 percent, while the tier II rate for employers can range between 8.2 percent and 22.1 percent.

IBEW Railroad Director Bill Bohne recently advised that our Negotiating Committee and the other unions involved with the National Negotiations Bargaining Coalition met with the railroads and the mediator on February 22nd, again with little or no progress being made. At this time, the Coalition provided the mediator and the railroads a revised proposal for review. Following back and forth questions and discussions, the meeting ended with the railroads advising that they would thoroughly review the proposal and a response would be forthcoming. It is my understanding that at this point the railroads have yet to respond to the Coalition's proposal. We are currently waiting for the mediator to approve additional meeting dates once the railroads respond. I will continue to keep you updated with any additional information as quickly as I receive it.

The System Council recently received approval and funding by the National Mediation Board (NMB) to present our next docket of cases for arbitration before Public Law Board 7001 (Union Pacific Railroad). We are prepared to present these cases on the date of April 26th. There are currently three additional dockets of cases waiting funding and approval before PLB 7001. Once approval is received I will notify the local unions and Claimant's accordingly.

**January 2017**

- VGC Reynoso and AGC Shell assisted Fort Worth Local 942 with a disciplinary investigation.

- AGC Starkjohann met with Union Pacific Labor Relations to conference outstanding subcontracting disputes.

- The System Council staff and I attended the first quarter staff meeting for System Council 2.

- AGC/ST Shell and I met to finalize arrangements for the 2017 System Council convention.
• The System Council staff and I attended a retirement celebration for VGC Don Tortorice.

• AGC Starkjohann attended the monthly meeting for Omaha Local 618.

• VGC Reynoso visited the West Colton, California facility and met with members of Local 889.

**February 2017**

• VGC Reynoso assisted Roseville, California Local 1682 with a disciplinary investigation.

• I attended an IBEW General Chairman's meeting and CRLO function with IBEW Railroad Director Bill Bohne.

• AGC Reynoso attended the monthly meeting for Los Angeles Local 889.

• AGC Starkjohann assisted Salt Lake City Local 650 with a disciplinary investigation.

• AGC Shell assisted Chicago Local 214 with a disciplinary investigation and other local union matters.

• AGC Shell attended a class relating to LM reporting and Local Union elections. He later met with Local 807 and Local 1758 Financial officers to discuss LM and 990 reporting.

• AGC Shell and I met with the IBEW Fort Worth Certified Training Instructor (CTI) for an update regarding the upcoming training curriculum for IBEW electricians.

• AGC Shell and I toured the Fort Worth UPRR locomotive facility and met with the members and officers of Local 942.

**March 2017**

• VGC Reynoso, AGC Shell and I attended the General Chairmen Shopcraft Coalition meeting with Union Pacific Railroad.

• AGC Shell and I met with UPRR Mechanical department personnel to
discuss several outstanding issues.

- AGC Starkjohann attended the monthly meeting of Omaha Local 618.
- VGC Reynoso met with the IAM General Chairman and toured the UPRR Commerce, California locomotive facility.
- VGC Reynoso and I met with the officers and members of Houston Local 1814 and toured the UPRR Houston and Beaumont, Texas facilities.
- The System Council staff and I attended a Non-Ops General Chairman meeting with various Union Pacific department personnel.
- AGC Shell and AGC Starkjohann met with members of St Louis Local 633 and toured the UPRR Desoto, Missouri Car facility.
- System Council staff and I attended the Union Pacific General Chairman’s Association meeting.

During the first quarter, the System Council staff and I were busy researching and processing various claims as well as finalizing submissions for arbitration. We continue to discuss manpower issues and increased staffing for all locations and departments. The Union Pacific is currently hiring additional electricians at many locations and are recalling at those locations where IBEW members were furloughed.

In solidarity, I remain

Fraternally yours,

Jim Wisniski
General Chairman

cc: IVP’s System Council 2
    Bill Bohne, Director of Railroads
    Staff