2017 – FOURTH QUARTER REPORT

ALL LOCAL UNIONS
SYSTEM COUNCIL NO. 2

Dear Brothers and Sisters:

There was a recent scare to the Railroad Retirement Unemployment and Sickness Benefits. These benefits are currently $72 per day for a 10-day period, or $720 every two weeks. In fiscal year 2013, due to sequestration imposed on the budgets by the U.S. government, these benefits were reduced by 6.6% for a two-week total of $672.48 per day. The tax bill passed in December 2017 by Congress could have instituted even deeper cuts with additional sequestration amounts which could have possibly reduced the unemployment and sickness benefits to $0. These sequestration cuts can be found in the Budget Control Act of 2011 and are commonly known as “PAYGO”. So, with the estimated $1.5 trillion increase to the deficit, PAYGO was set to take effect in the near future. However, due to the work of many, including all Rail Labor Unions and the AFL-CIO Transportation Trades Department Rail Labor Division (TTD-RLD), we were able to get Congress to pass waivers to PAYGO for certain federal spending programs, including the Railroad Retirement Unemployment and Sickness benefits program. These waivers passed both houses of Congress on December 21st. As of this point benefits will not be reduced further. Attached for review is a document from the Labor Member’s office of the Railroad Retirement Board fully explaining what was at stake if the waivers had not been passed.

On November 2nd, the U.S. Senate confirmed two new Republican members of the National Mediation Board (NMB) – Gerald Fauth and Kyle Fortson. Linda Puchala will continue to serve as the Democrat member of the Board. The Chairman is designated by the Members of the Board and as of this writing has not yet been announced.

“Our Business – Representation & Service”
As I indicated in my last report, the System Council has been preparing to begin local chairperson training. With the assistance of Vice Chairman Reynoso, Assistant General Chairmen Tom Modica and Bob Norton are finalizing the training modules and should be rolling out the training sometime in the first quarter of 2018. As previously indicated, the initial training session will be covered in a one-day session.

The Railroad Retirement Board (RRB) is currently finalizing their schedule of Informational Conferences and Pre-Retirement Seminars for 2018. It was announced that due to a drop in attendance in recent years they will be combining these usually separate programs into a single presentation hosted by field offices in Roseville, CA; Altoona, PA; Bellevue, WA; Houston, TX; and, Jacksonville, FL. These combined programs will be open by invitation to rail union officials, and any interested rail employees within 5 years of retirement, and their spouses. Union officials will be receiving both an invitation to visit RRB.gov and register themselves for a combined conference/seminar, and in a later mailing, a promotional flyer for the same program they are encouraged to pass along to fellow rail employees.

Following the mediation session held on November 8th, it was announced on December 8th that the IBEW, along with the other Rail Labor organizations in our bargaining coalition (IAM, BRC, TCU & TWU), reached tentative agreements with the railroads involved in National Freight bargaining. These tentative agreements are similar to the agreements recently reached with the organizations of the Coordinated Bargaining Group earlier in fall 2017. The complete tentative agreement with synopsis can be found on the IBEW website at www.IBEW.org or the System Council 2 website at www.ibewsc2.org. Ratification packages, including complete copies of the tentative agreement, were mailed to all members covered under National handling the first week of January. Conference calls were scheduled for all railroad local union Presidents and/or Local Chairmen covered under National handling in order to answer any questions they may have. Instructions were provided in the ratification packages advising that all ballots must be postmarked no later than January 31, 2018. Ballots will be counted on Wednesday, February 7, 2018 at the IBEW International Headquarters building.

Over the past eight months and especially during the fourth quarter 2017, the System Council staff and I have been very busy preparing and presenting cases for arbitration before Public Law Board 7001 with Union Pacific Railroad. The NMB recently released an unprecedented amount of funding for the fourth quarter. As a result, the System Council presented 11 cases in April 2017; 22 cases in September 2017; 13 cases in December 2017; and, scheduled to present 18 additional cases on January 25, 2018. The claimants and applicable local unions will be notified accordingly as soon as the award decisions are rendered. A special thanks to those local unions who assisted the System
Council in researching and providing essential information relative to the various cases.

October 2017

- I visited the Union Pacific Fort Worth locomotive facility and met with the Shop Director and various members of Local 942.

- The System Council staff and I attended the annual IBEW Railroad Department Conference.

- The System Council staff and I attended a General Chairmen’s Business update meeting with Union Pacific.

- VGC Reynoso, AGC Shell and I attended the Shopcraft Coalition meeting with the Union Pacific Labor Realizations and Mechanical Department personnel.

- AGC Shell, AGC Starkjohann, and I, attended the Union Pacific General Chairman’s Association meeting.

- VGC Reynoso attended a meeting in San Antonio, along with Local 1911 Local Chairman, UPRR AVP Mechanical Jeremy Givens, and the San Antonio facility manager to discuss various issues involving the IBEW membership.

- VGC Reynoso and AGC Modica assisted San Antonio Local 1911 with a disciplinary investigation.

November 2017

- AGC Shell and I, together with the Machinist (IAM) General Chainmen, met with UPRR CMO Estes, AVP Mechanical Given, and Labor Relations to discuss several issues with the use of contractors (CNW Services) in and around the Carrier’s Mechanical facilities. Follow up discussions to follow.

- AGC Starkjohann and AGC Bob Norton assisted Oakland Local 360 with a disciplinary investigation.

- AGC Shell and AGC Strkjohann attended a Local Union financial training
seminar.

- VGC Reynoso and AGC Norton assisted Hermiston, OR Local 799 with a disciplinary investigation.

- AGC Starkjohann attended the monthly meeting of Omaha Local 618.

- I attended the National Freight Railroad Mediation session along with the IBEW General Chairmen and Railroad Department Director Bill Bohne.

**December 2017**

- VGC Reynoso, AGC Shell and I attended arbitration before PLB 7001 with Union Pacific Railroad.

- VGC Reynoso attended the monthly meeting of Local 889.

- I attended an IBEW General Chairman’s meeting with the IBEW Railroad Department.

- VGC Reynoso met with the Union Pacific Dolores Shop Manager to discuss several local issues affecting the members of Local 889.

- AGC Strkjohann attended the monthly meeting of Local 618.

As previously noted, throughout the fourth quarter the System Council staff and I were busy preparing cases for arbitration before PLB 7001, as well as assisting the local unions with everyday issues and concerns.

I am happy to report that the System Council was successful in securing sustaining decisions in the recent "Medical" cases where Union Pacific has refused to allow employees to return to service following a complete release by their personal physicians. In his decisions, Arbitrator Hampton states that the Carrier's right is not unlimited and that their actions are unreasonable and arbitrary. He further directs the Carrier to schedule a return to work physical for the claimant's. Unfortunately, as of this date the Carrier has failed to comply with the award and instructions by the Board. Therefore, the System Council is currently seeking enforcement through the courts with the assistance of the Coordinating Council Attorney. I will continue to update you as this matter progresses.
In solidarity, I remain

Fraternally yours,

Jim Wisniski
General Chairman

Attachment: Effect of Sequestration on Railroad Unemployment & Sickness Benefits
EFFECT OF SEQUESTRATION ON
RAILROAD UNEMPLOYMENT AND SICKNESS BENEFITS

- Railroad employees are not covered by state unemployment systems. Rather the Railroad Retirement Board (RRB) administers a nationwide Unemployment and Sickness program for approximately 250,000 qualified railroad workers. For FY16, the RRB paid approximately $133.3 million dollars in net unemployment and short-term sickness benefits to about 33,700 railroad employees.

- These unemployment and short-term sickness benefits are funded exclusively by contributions from rail employers and paid by the RRB to eligible employees under the Railroad Unemployment Insurance Act (RUIA).\(^1\) No portion of these benefits or the associated administrative costs are funded by taxpayers through the appropriations process.

- These benefits are subject to sequestration. Current sickness and unemployment benefits are set at a maximum of $72.00 per day or $720.00 per two week or 10-day claim period. However, this benefit rate has been reduced by sequestration in effect since FY 2013 due to the Budget Control Act of 2011. The actual maximum benefit currently paid is $672.48 per 10-day claim period which is a 6.6% reduction. See attached Press Release No. 17-5.

- Any further reduction resulting from another sequestration would significantly degrade the benefit protections enacted by Congress and harm those employees suffering either unemployment or sickness. For example, if 100% sequestration is triggered by PAYGO rules, railroad employees eligible for sickness and unemployment benefits would receive **nothing**. Their benefit payments would zero out.

- As mentioned above, these benefits are funded by employer contributions. So while benefits would zero out, the trust fund that pays these benefits would continue to accumulate funds contributed from the employers. Neither the federal government nor railroad employees will benefit from the accumulation of these funds.

- Because employer contributions to the trust fund are based on benefits paid, eventually employer contributions would be zero. Railroad employers, however, would still be required to pay the annual administrative charge of 0.65%. The excess of the 0.65% administrative contributions over the actual administrative cost will increase the trust account balance.

- While unemployment and sickness benefits received by railroad employees are subject to sequestration, comparable State benefits are not subject to sequestration.

- Similarly, the retirement, disability, spouse and survivor benefits administered by the RRB are exempt from sequestration under section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA).

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\(^1\) 45 U.S.C. §§ 351-369.

Prepared by the Railroad Retirement Board Office of the Labor Member

December 2017