



**UNIFIED SYSTEM DIVISION  
NEWSLETTER  
VOLUME 34 - July, Aug., Sept., 2017**

***Right to Work....code words for busting unions.***



***National Bargaining Update***

After the June 20 and 21, 2017 scheduled meeting between the BMWED/SMART Mechanical Coalition and the NCCC were canceled at the request of the National Mediation Board to accommodate the current chairman of the Board's attendance on August 2nd and 3rd, 2017, the BMWED-SMART/Mechanical Bargaining Coalition conducted another mediation session with the railroads.

The BMWED-SMART Mechanical Coalition again gave a presentation on their healthcare proposal and reintegrated the significant cost savings that would benefit not only the members of the BMWED-SMART Mechanical Coalition but the Railroads alike. The Coalition also maintained that with the proposed changes by the Organizations that there is no need for extra cost or burden to be forced on their respective memberships but rather this proposal would give the members of the NCCC more savings than they acquired in the last contract and at NO cost to the members of the Organizations.

The National Carriers' Conference Committee (NCCC) then presented a comprehensive proposal that again took a step backward from their previous proposals. The proposal included a 4% wage increase immediately if signed by July 1, 2018 and 2% annually for the life of the contract which would reach moratorium in December 2019. By structuring the proposal this way, the railroads avoid any retroactive back pay that would be due to the Organizations members and over the life of the agreement gives pay increases that are less than projected inflation. The comprehensive proposal also included major changes to the Healthcare Benefits both in cost and benefit levels as well as significant changes in work rules to be completely unacceptable.

The BMWED-SMART/Mechanical Coalition then presented a counter proposal which provided for improvements to other employee benefits, such as dental, vision and accidental death and dismemberment, and improvement to away-from-home expenses, along with employee protections and fair wage increases. The benefit improvements and wage increases are more than justifiable given the railroads tremendous profitability and financial positions comparable to that of prior bargaining rounds. Nevertheless, the railroads have failed to seriously respond to our proposal. The parties will continue to meet with the mediator and the next scheduled meetings are to take place on September 27 and 28, 2017.

**Unified System Division reaches Tentative Agreement with Nortrak**

Officers of the Unified System Division along with Local Chairman of Lodge 2933 Tim Hernandez met with officials from Nortrak again on August 17th, 2017. This time the negotiations proved to be much more productive than the last as the parties have reached a Tentative Agreement which will soon be sent to the membership for ratification. Included in the deal were many work rule changes which will benefit the membership as well as reasonable wage increases along the way. Brother Hernandez stated, that he felt this represented a fair deal for his Brothers and Sisters at Nortrak. Again the Unified System Officers would like to thank the members at Nortrak and commend them for their on going work efforts and products produced.

# UNIFIED SYSTEM DIVISION NEWS

## Unified System Division Donates to Hurricane Harvey Victims

The Unified System Division Officers and Executive Board recently voted to donate \$10,000 to BMWED members who were affected and continue to be by the devastating blow left by Hurricane Harvey on the South Eastern Texas Coast in late August. Aside from the donation of the Unified System Division, other systems, as well as the National Division have donated many resources to help aid our members who were affected. The Teamsters have also activated many resources to the cause and opened their disaster Relief Fund to Teamster Members who live in the affected counties.

## Rail Pro's Flagging a Growing Issue on the UPRR

Rail Pro Flagging continues to be a growing issue on the Union Pacific Railroad Property. Union Pacific and the management team continues to use an influx of outside contractors for flagging work that has historically been performed by BMWED represented employees. These flagging duties have now been expanded and are operating on every corner of the UP property. The Unified System Division has continued to raise concerns of safety as well as the outsourcing of BMWED work with the Carrier. Although the UPRR has addressed a few of the Safety concerns in an immediate fashion, it is clear they do not take them seriously, in most cases allowing the contractor (Rail Pro) to return the at fault employee to the property within a few days, sometimes at a different location in attempt to mask the issue and others not so much. The Organization is steadfast that this work has always been completed by BMWED members in a safe fashion and should be today. While the Unified System Division will continue to raise such concerns with the Carrier, we urge you as a BMWED member be on the lookout for safety concerns when working in the area of RailPro employees. If you have a concern, please report it to a UPRR Supervisor and a BMWED Representative. This act could save the lives of you or one of your Brothers or Sisters.

RailPro along with all contracted forces also continues to be a battle on the claim front . If you witness Rail Pro or any outside contractor performing work you believe is work that belongs to BMWED members, do not hesitate to contact a System Officer to discuss the likelihood of filing a claim to protect the work that already belongs to you and all BMWED members. **LAST BUT NOT LEAST, THE BMWED DID NOT AND DOES NOT APPROVE OF THESE SCABS ON THE PROPERTY!!!!**

## DM&E Contracting on the Rise

In recent months BMWED Members on the Canadian Pacific Railroad/DM&E have seen a spike in the utilization of contracted forces. In most cases the CP/DM&E is using contractors to an extent they did not prior to the current January 1, 2013 Agreement. Why is this significant? Because Rule 1 of the January 1, 2013 CBA recognizes the use of contractors but **only on the same basis the company did prior to the effective date of the agreement**. In recent research the BMWED has confirmed that the DM&E is utilizing third party contractors well beyond the extent they did prior to the agreement. In fact it is well known that the only work the CP/DM&E utilized contractors for prior to the current agreement was tie gang production work, new bridge construction which needed equipment that DME did not have like large cranes, running the in-track welding machines, and in floods and derailments . **If you were an employee of the CP/DM&E prior to the January 1, 2013 Agreement and have not yet wrote a statement to protect the work that belongs to you, please contact one of your Unified System Division Officers to see how you can help secure the work that has belonged to you for so long. In addition, if you witness contractors performing work that belongs to BMWED members please contact your system officer to file a claim on behalf of you and your brothers and sisters. The future belongs to you!**

# ***IMPORTANT REMINDERS***

## **Local Lodge Elections– Fall of 2017**

Unified System Division Local Lodge Elections will be conducted for each Local Lodge in the last quarter of 2017. Elections may be conducted during October, November , or December 2017. We would like to take this opportunity to remind everyone of a few requirements associated with such elections and the election process.

- 1) Per the BMWED National Division By-Laws Article XVIII Section 9 paragraph 4, Elections are held every three(3) years commencing in 1960 in the last three months of the year. All members in (Good Standing) must be given at least fifteen (15) days advance notice in writing at their last known HOME address of the date, time, and place at which nominations shall be held and the date, time , and place here elections will be held; and provided, further, that Local Lodges may at their option permit nominations to be made by mail to the Secretary-Treasurer of the Lodge during the period following the notice and preceding the meeting at which the election is to be conducted. All Officers shall be elected from duly nominated candidates as aforesaid and no “write-in” candidates are permitted.
- 2) All elections shall be conducted by secret ballot vote of the members in good standing of the Local Lodge, and each such member shall be entitled to cast one vote unless ineligible therefore under the BMWED National Division Bylaws, the Merger Agreement or the IBT Constitution.
- 3) Members must have Twenty-Four (24) months of continuous dues payments to be considered in “Good Standing” for eligibility to be nominated and elected as a Local Lodge Officer.
- 4) Members must have paid dues on time the month prior to the nomination or election to be considered in “Good Standing” for nominating or voting purposes.
- 5) Per the BMWED National Division By-Laws Article XVIII Section 10, Local Lodge Officers shall serve a three (3) year term unless a resignation occurs or they are relieved of their duties as provided in the BMWED National Division By-laws, IBT Constitution or in the case of occupying office as a result of a vacancy. In the case of filling an unexpired vacancy, the elected will be expected to fill the remaining portion of the unexpired term.

## **Failure to answer recall from Furlough Status**

Under most agreements, if you are recalled to service from a furloughed status and fail to report for service within the prescribed time limits from the day you receive notice via US certified mail your will forfeit ALL seniority and employment will be terminated. On the UPRR the time limit is seven (7) calendar days from the reception of certified letter. On the C&NW the time limit is ten(10) calendar days from the time you receive such letter with the exception, if recalled outside of your seniority zone your are not required to return but will forfeit the right to return on a basis of seniority, and thereafter shall only be recalled to service only for bulletined positions for which no applications are received in his seniority zone. On the SPRR the time limits is ten(10) calendar days from the receipt of such letter. On the Belt Railway the time limits is ten(10) calendar days from the receipt of such letter. On the CP/DM&E the time limit is seven (7) calendar days from the receipt of such letter however, if the position of recall would reasonably require a change of residence such employee not answering recall will not be considered to have voluntarily resigned.

# Railroad Retirement Board

## News

### Railroad Retirement Financial Report July 2017

The Railroad Retirement Board (RRB) is required by law to submit annual financial reports to Congress on the financial condition of the railroad retirement system and the railroad unemployment insurance system. These reports must also include recommendations for any financing changes which may be advisable in order to ensure the solvency of the systems. In June, the RRB submitted its 2017 reports on the railroad retirement and railroad unemployment insurance systems.

The following questions and answers summarize the findings of these reports.

#### **1. What were the assets of the railroad retirement and railroad unemployment insurance systems last year?**

As of September 30, 2016, total railroad retirement system assets, comprising assets managed by the [National Railroad Retirement Investment Trust](#) and the railroad retirement system accounts at the Treasury, equaled \$26.5 billion. The Trust was established by the Railroad Retirement and Survivors' Improvement Act of 2001 to manage and invest railroad retirement assets. The cash balance of the railroad unemployment insurance system was \$81.2 million at the end of fiscal year 2016.

#### **2. What was the conclusion of the 2017 report of the financial condition of the railroad retirement system?**

The conclusion was that, barring a sudden, unanticipated, large decrease in railroad employment or substantial investment losses, the railroad retirement system will experience no cash-flow problems during the next 25 years. Under the current financing structure, actual levels of railroad employment and investment return over the coming years will largely determine whether corrective action is necessary.

#### **3. What methods were used in forecasting the financial condition of the railroad retirement system?**

The 2017 report projected the various components of income and outgo of the railroad retirement system under three employment assumptions, intended to provide an optimistic, intermediate and pessimistic outlook, for the 25 calendar years 2017-2041. The projections of these components were combined and the investment income calculated to produce the projected balances in the railroad retirement accounts at the end of each projection year.

Projecting income and outgo under optimistic, intermediate and pessimistic employment assumptions, the report indicated no cash-flow problems occur throughout the 25-year projection period under any of the three employment assumptions.

#### **4. How do the results of the 2017 report compare with the 2016 report?**

The overall results do not differ substantially from last year's. The projected tier II tax rates are the same as in last year's report in each calendar year under the optimistic and pessimistic employment assumptions. Under an intermediate employment assumption, the projected tier II tax rate differs only in being one percent higher in calendar years 2032-2034. (Railroad retirement payroll taxes, like railroad retirement benefits, are calculated on a two-tier basis.)

Actual investment return in calendar year 2016 met expectations, and actual employment fell within the assumed range falling just below the intermediate assumption in last year's report.

## **Railroad Retirement Financial Report (cont.)**

### **5. Did the 2017 report of the railroad retirement system recommend any railroad retirement payroll tax rate changes?**

The report did not recommend any change in the rate of tax imposed by current law on employers and employees.

### **6. What were the findings of the 2017 report on the financial condition of the railroad unemployment insurance system?**

The RRB's 2017 railroad unemployment insurance financial report was generally favorable. Even as maximum benefit rates increase 46 percent (from \$72 to \$105) from 2016 to 2027, experience-based contribution rates maintain solvency. While a small, short-term cash flow problem is possible in fiscal year 2019 under the pessimistic assumption, projections show quick repayment of any loan by the end of the fiscal year.

Unemployment levels are the single most significant factor affecting the financial status of the railroad unemployment insurance system. However, the system's experience-rating provisions, which adjust contribution rates for changing benefit levels, and its surcharge trigger for maintaining a minimum balance help to ensure financial stability in the advent of adverse economic conditions.

Under experience-rating provisions, each employer's contribution rate is determined by the RRB on the basis of benefit payments made to the railroad's employees. Even under the pessimistic assumption, the report predicted that the average employer contribution rate remains well below the maximum throughout the projection period.

A 1.5 percent surcharge is in effect in calendar year 2017. Under all three employment assumptions, the report projects a surcharge of 1.5 percent in 2018, with a surcharge of 1.5 percent predicted for 2019 under each assumption, with a possibility of a 2.5 percent surcharge under the pessimistic assumption. A surcharge of 1.5 percent is likely for 2020 under the intermediate and pessimistic assumptions.

### **7. What methods were used to evaluate the financial condition of the railroad unemployment insurance system?**

The economic and employment assumptions used in the unemployment insurance report corresponded to those used in the 2017 report of the retirement system. Projections were made for various components of income and outgo under each of the three employment assumptions, but for the period 2017-2027, rather than a 25-year period.

### **8. Did the 2017 report on the railroad unemployment insurance system recommend any financing changes to the system?**

No financing changes were recommended at this time by the report.

The RRB's 2017 [financial reports on the retirement and unemployment insurance systems](#) are available in their entirety on the agency's website. Information on the [National Railroad Retirement Investment Trust](#), including its quarterly and annual reports, is also available on the site.

**“Trade Unions have been an essential force for social change, without which a semblance decent and humane society it is impossible under capitalism.” - Pope Francis**

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