



# Brotherhood of Locomotive Engineers

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 RAILROAD RETIREMENT  
 BLE-NRGOA

## FRIDAY'S MAIL

Via fax transmittal

### MEMORANDUM

**TO:** State Legislative Board Chairmen  
**FROM:** R. A. Holmes, VP & NLR  
**DATE:** April 22, 2003  
**SUBJECT:** Railroad Retirement -- FY 2004 Budget Resolution

Reports have surfaced concerning the FY 2004 Budget Resolution, H.Con.Res. 95, recently passed by the House of Representatives that suggest that cuts may need to be made in the railroad retirement program to reduce the budget deficits contemplated by the Budget Resolution.

As you know, railroad retirement benefits, like social security benefits, are entitlements. The Railroad Retirement Act specifies the computation and amount of railroad retirement benefits based on an employee's years of service and average compensation. Changes in the computation of railroad retirement benefits, other than vested dual benefits, require amendments to the benefit provisions of the statute. It also should be noted that recently enacted changes in the Railroad Retirement Tax Act provide for adjustments in the Tier II tax rate, up or down, based on the ratio of funds available for benefit payments and the amount of benefits to be paid. Accordingly, a reduction in benefit outlays could result in a decrease in tax revenues.

Aside from the legal problems that would have to be addressed in order to reduce railroad retirement program outlays, the human side of the story must also be considered. Railroad workers have worked hard over lengthy careers and have paid significant employment taxes to fund their retirement program. These workers and their families rely on railroad retirement benefits to meet their needs during retirement. It would be unconscionable to reduce retirement benefits for railroad employees and their families in order to reduce budget deficits that are not related to the railroad retirement program and its funding.

On April 1st, by an overwhelming vote of 399 to 22, the House agreed to a motion offered by Congressman Spratt (D-SC) instructing the conferees on the Budget Resolution not to include specific cuts in such programs as Medicaid, veterans benefits, Railroad Retirement, etc.

Although this Resolution is not binding, it may be helpful to have our members, active and retired, contact their Members of Congress and dissuade them from including Railroad Retirement in budget reduction strategies.

Congress will return from their spring recess April 28<sup>th</sup>.

cc: D. M. Hahn, President  
 E. W. Rodziewicz, FVP  
 W. C. Walpert, GST  
 General Chairman - U.S.