



**U.S. House of Representatives**  
**Committee on Transportation and Infrastructure**

Washington, DC 20515

**Don Young**  
Chairman

**James L. Oberstar**  
Ranking Democratic Member

April 1, 2003

Lloyd A. Jones, Chief of Staff  
Elizabeth Megginson, Chief Counsel

David Heymsfeld, Democratic Chief of Staff

***Protect Railroad Workers and Retirees***  
***Support the Democratic Motion on the Budget Resolution***

Dear Democratic Colleague:

I write to urge you to support the Democratic motion to instruct conferees on the Republican Budget Resolution. The Democratic motion rejects the Republicans' efforts to cut \$3.7 billion from the Transportation and Infrastructure Committee's mandatory programs, including the railroad retirement and unemployment compensation systems. For railroad workers and retirees, the railroad retirement system is their social security.

To help offset the enormous cost of their \$1.35 trillion tax cut for the rich, the Republicans force Committees to slash their mandatory programs under the rubric of eliminating "waste, fraud, and abuse". The House-passed FY2004 Republican Budget Resolution forces the Transportation and Infrastructure Committee to cut \$3.7 billion from its mandatory programs over the next 10 years.

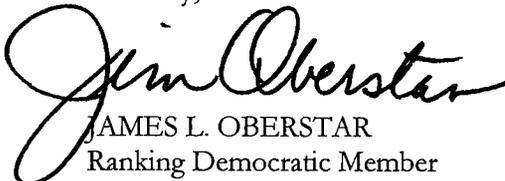
While these platitudes of "waste, fraud, and abuse" make for good rhetoric, this policy could have a devastating effect on railroad workers and retirees. According to the Congressional Budget Office, the railroad retirement and unemployment compensation programs constitute more than 80 percent of all of the programs with the jurisdiction of the T&I Committee that is to be the source of the \$3.7 billion of savings. The most likely result of this Republican directive is that the Transportation Committee will be forced to cut railroad retiree benefits.

In a letter to the Democratic Leader, the National Association of Retired and Veteran Railway Employees, Inc. states: "It would be unconscionable, in our view, to reduce the retirement benefits for railroad employees and their families in order to reduce the budget deficits that have nothing whatsoever to do with the railroad retirement program and its funding." A copy of the letter is attached for your information.

In addition, the Rail Labor Division of the Transportation Trades Department of the AFL-CIO has written a letter strongly supporting the Spratt Democratic motion on the Budget Resolution.

I urge you to support the Democratic motion to instruct conferees on the Budget Resolution.

Sincerely,

  
JAMES L. OBERSTAR  
Ranking Democratic Member



# National Association of Retired & Veteran Railway Employees, Inc.

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March 31, 2003

The Honorable J. Dennis Hastert  
Speaker of the House  
H-232, U.S. Capitol  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader  
H-204, U.S. Capitol  
Washington, D.C. 20515

Dear Mr. Speaker & Madam Minority Leader

It has been brought to our attention of the Budget Resolution passed recently by the House of Representatives suggest that cuts may need to be made in the railroad retirement program to reduce the budget deficits contemplated by the Budget Resolution. While we do not know precisely what cuts would be made, we do feel compelled to address the issue.

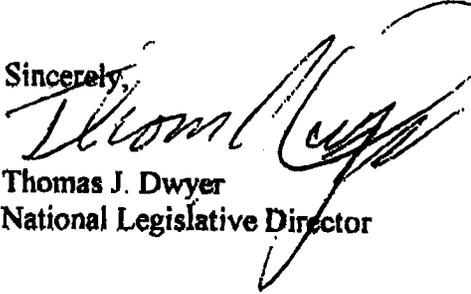
As you know, railroad retirement benefits, like social security benefits, are entitlements. The Railroad Retirement Act specifies the computation and amount of railroad retirement benefits based on an employee's years of service and average compensation. Changes in the computation of railroad retirement 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 Act provide for adjustments in the Tier II tax rate, up or down, based on the ratio of funds available for benefit payment and the amount of benefits to be paid. Accordingly, a reduction in benefit outlays would result in a decrease in tax revenues.

Aside from the legal problems that would have to be addressed in order to reduce railroad retirement outlays, the human side of the story must also be considered. Some 1.2 million railroad workers, retirees, widows' and widowers' have worked hard over lengthy careers and have paid significant employment taxes to fund their retirement program. These workers, retirees and their families rely on railroad retirement benefits to meet their needs during retirement. It would be unconscionable, in our view, to reduce

retirement benefits for railroad employees and their families in order to reduce the budget deficits that have nothing whatsoever to do with the railroad retirement program and its funding..

We appreciate your consideration of our views on this most important matter.

Sincerely,



Thomas J. Dwyer  
National Legislative Director

Cc: Mr. A.W. Westphal, National President  
Mr. George Wisdom, National Vice President  
Ms. Mary David, National Secretary-Treasurer