TABLE 3.—IMMEDIATE EFFECTS OF H.R. 12080 AND H.R. 14563 IN THE FIRST YEAR AFTER THE EFFECTIVE DATE

Item	Total	Retired employees	Wives	Aged widows	Other monthly survivors
Number receiving increases on effective date (thousands) [1]	[1] 950	437	205	258	50
By virtue of 1967 Social Security Amendments	356	44	[2] 89	173	50
By virtue of H.R. 14563	653	393	[2] 175	85	
Average amount of increases [3]		$13	$7	$11	$11
By virtue of 1967 Social Security Amendments		17	7	13	11
By virtue of H.R. 14563		13	5	6	
Total additional benefit payments during year (millions):	[1] $128	$70	$18	$33	$7
By virtue of 1967 Social Security Amendments	50	9	7	27	7
By virtue of H.R. 14563	78	61	11	6	

[1] In addition almost $3,000,000 will be paid to about 3,000 disabled widows between the ages of 50 and 60 who will become eligible to benefits averaging $83 a month by virtue of H.R. 14563.
[2] About 59,000 wives will receive increases by virtue of both bills. This duplication is shown in these figures but omitted in the total.
[3] For those receiving increases by virtue of the particular legislation.

II. AMENDMENTS TO THE RAILROAD UNEMPLOYMENT INSURANCE ACT

Title II of the bill provides for a substantial increase in the daily benefit rate for both unemployment and sickness and would make it possible for employees with 10 or more years of service to draw sickness benefits for considerably longer periods. As a result of the bill, average benefits per full week of unemployment or sickness would increase from about $50 to $62 and larger amounts of of sickness benefits would be paid to most employees who will experience long illness in a benefit year. The bill also contains several features aimed at keeping additional costs within reasonable bounds. Of these, the most important costwise is the provision calling for certain reimbursements from the Railroad Retirement Account, designed to recoup the savings which would otherwise accrue to that account because of the introduction of extended and accelerated sickness benefits. No change is made by the bill either in the amount of compensation subject to contributions or in the schedule of contribution rates.

It is estimated that title II of the bill would increase the benefit costs of the unemployment and sickness insurance program by $20.5 million a year (Table 4). This figure is an average for the next five years rather than a level cost because the latter cost approach is not applicable to programs which do not involve liabilities deferred for many years. To make the cost estimate moderately conservative, the additional costs were calculated on the assumption that benefit disbursements under present law would have averaged $45 million a year for unemployment and $40 million a year for sickness.

In the last fiscal year, when benefit payments were at their lowest in the past 15 years, the income of the unemployment and sickness insurance program exceeded the benefit outgo by $60 million so that it was possible to reduce the indebtedness to the Railroad Retirement Account by about the same amount. Under these circumstances, it is felt that the program can absorb the additional cost created by the bill without materially affecting its potential solvency. Obviously, the amounts available for the repayment of the indebtedness to the Railroad Retirement Account would be greatly reduced; however, it is expected that they would still be of the order of $30 million per year. With such a rate of repayment of principal, the indebtedness would be liquidated in another five or six years. From that point on, some reserves would begin to gradually accumulate.