

receive two increases amounting to more than the single increase the nondual beneficiaries would receive from the Board. Another important reason for the offsets is that they were considered necessary in order to keep the costs of the bill within reasonable bounds.

Title I of the bill would increase the benefit costs of the Railroad Retirement Act by about \$62 million a year on a level basis. The enactment of the bill would not result in any additional income to the system because it would not change the earnings base, the tax rates, or the income derived from the financial interchange with the social security system. However, the income and outgo of the railroad retirement system were changed extensively by the social security amendments and the result of these changes was a net gain of \$47 million per year on a level basis. This gain would be utilized to finance the bulk (75 percent) of the additional costs that would be created by the bill. The remaining costs of \$15 million per year would result in a corresponding increase in the actuarial deficiency over the amount of deficiency which existed immediately before the enactment of the 1967 Social Security Amendments. Thus, the actuarial deficiency after the enactment of the bill would be approximately \$58 million a year, which is equivalent to 1.16 percent of the taxable payroll for the new earnings base of \$650 a month. We believe that the merits of the bill outweigh the moderately adverse effect it would have on the actuarial condition of the railroad retirement system.

AMENDMENTS TO THE RAILROAD UNEMPLOYMENT INSURANCE ACT

Title II of the bill would increase the maximum daily benefit rate for unemployment and sickness from \$10.20 to \$12.70 and would make it possible for railroad workers with 10 or more years of service to receive sickness benefits for longer periods.

Furthermore, an accelerated benefit year, that is a benefit year beginning on a date earlier than July 1, could begin also with a day of sickness, whereas under present law it can begin only with a day of unemployment. The sharp increase in costs would be moderated by certain restrictions, the most important of which is that extended and accelerated sickness benefits would not be paid after the employee attains the age of 65. The bill would also provide for certain reimbursements from the railroad retirement account to the railroad unemployment insurance account. These reimbursements would compensate the unemployment insurance account for the extra costs it would otherwise incur because disabled employees receiving extended sickness benefits might postpone filing a claim for a disability annuity.

Title II of the bill does not provide for any additional income to the railroad unemployment insurance account. The tax base would remain at \$400 per month and the schedule of contribution rates would remain unchanged. The financing of the amendments is made possible by the fact that under present law the income of the program is far in excess of its benefit outgo. In fact, in the last fiscal year, the excess amounted to \$60 million and this amount was utilized to reduce the indebtedness to the railroad retirement account to about \$190 million as of June 30, 1967. (The indebtedness was as high as \$314 million 4 years earlier.)