

Mr. HABERMEYER. That is right.

Mr. MOSS. Thank you.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. Thank you, Mr. Chairman. I think the last answer probably got to the point I was interested in. I got in a little bit late.

The point I wanted to ask you about I understand was raised by the distinguished gentleman from Illinois.

I understand you are collecting moneys to retire a debt. Is that not correct according to your testimony, you said you were retiring the debt?

Mr. HABERMEYER. We have two funds that we manage. One is the railroad retirement account.

Mr. BROTZMAN. The railroad retirement account?

Mr. HABERMEYER. Yes; that is the account that supports our retirement and survivor program, and that account is financed jointly by railroad employees and railroad employers on an equal basis. Then we have the railroad unemployment insurance account. That account serves the unemployment and sickness insurance program which is financed entirely by railroad employers.

Mr. BROTZMAN. There is no contribution by the employees?

Mr. HABERMEYER. None whatsoever. A few years ago that account got into trouble, and this committee and the Congress gave us authority to borrow from the railroad retirement account to support the unemployment and sickness program.

Mr. BROTZMAN. So you had difficulty with the unemployment account and got permission to borrow from the first account?

Mr. HABERMEYER. Yes, sir. That account got to the point where we owed about \$314 million around 4 years ago. Since then our receipts have exceeded our benefit payments to an extent where we reduced that debt from \$314 million to a current debt of \$170 million. Last year, our receipts exceeded our disbursements by about \$60 million.

Now the increases we are asking for in the unemployment insurance and sickness benefit program will cost about \$20.5 million. So that will reduce the amount—

Mr. BROTZMAN. The amount you can pay back?

Mr. HABERMEYER. That will reduce the amount we can pay back to the railroad retirement account, but we still anticipate we ought to liquidate that debt in about 5 or 6 years.

Mr. BROTZMAN. This leads to the next question, which is really the question I had.

According to your statement you contemplate that you are going to have to ask some changes which I presume would permit a larger contribution to these particular accounts by employees and employers; is that correct?

Mr. HABERMEYER. Yes; that would be for the railroad retirement account.

Mr. BROTZMAN. That is account No. 1?

Mr. HABERMEYER. Yes; at the moment, we have about \$4.5 billion in this account, and, even with this deficit, our actuary estimates that for the next 15 years our receipts will exceed our disbursements. Possibly longer than that. But we have to plan on this retirement account so that 15 years from now we are not going to go broke.