



ASSOCIATION OF
AMERICAN RAILROADS

Office of the President
Edward R. Hamberger
President and Chief Executive Officer

March 27, 2012

The Honorable Paul Ryan
Chairman
Committee on the Budget
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Association of American Railroads (AAR) is writing to express its concern over language in House Report 112-421 (to accompany H. Con. Res. 112) that suggests that Congress should consider conforming Railroad Retirement Tier 1 benefits to Social Security benefits. The committee report states that this option would result in an estimated savings to taxpayers of \$2 billion over 10 years.

Railroad Retirement benefits – and Railroad Retirement taxes -- were fully addressed by Congress during debate on the Railroad Retirement and Survivors' Improvement Act of 2001 (Public Law 107-90). This carefully balanced, bipartisan legislation enjoyed the strong support of both railway labor and the railroads themselves.

While it is unclear from the committee report precisely what conforming changes are contemplated, AAR is concerned that such changes could interfere with the retirement benefit structure set forth in the 2001 Act to the detriment of the railroad industry and its workers.

Conforming Tier 1 benefits to Social Security would not represent a savings to the federal government. Under current law, the Railroad Retirement Tier 2 account – funded by contributions from the railroads and rail employees – absorbs any costs by which Railroad Retirement benefits exceed what Social Security would pay. Accordingly, it is difficult to understand how the conforming changes described in the committee report would result in any savings to the federal government.

Thank you for considering these concerns as the budget resolution moves to the House Rules Committee and to the floor.

Sincerely,

Edward R. Hamberger
President and CEO

cc: The Honorable Chris Van Hollen, Ranking Member, Committee on the Budget
The Honorable David Dreier, Chairman, Committee on Rules
The Honorable Louise Slaughter, Ranking Member, Committee on Rules