

Program Letter

United States
Railroad Retirement Board
Office of Programs



Quality Reporting Service Center

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2013-04

Date: March 8, 2013

TO: Certification Registration, Retirement and Unemployment Contact Officials

SUBJECT: Impact of Sequestration under the Budget Control Act of 2011 on RUIA Benefits

Please distribute this notice to all individuals within your organization who may need the information in connection with their work.

Unemployment and sickness benefits payable under the Railroad Unemployment Insurance Act (RUIA) for days after February 28, 2013 must be sequestered or reduced by 9.2 % as part of a package of automatic spending cuts required by the Budget Control Act of 2011 (BCA), which was passed in August 2011. This sequestration is the result of the failure of the Joint Select Committee on Deficit Reduction to propose, and Congress to enact, legislation reducing the deficit, as required by the BCA. Under the BCA, the cuts were triggered to take effect beginning January 1, 2013, if the Joint Select Committee on Deficit Reduction did not agree to a \$1.2 trillion deficit-reduction package by November 23, 2011. The cuts were initially delayed but will now take effect March 1, 2013. The initial reduction will continue through September 30, 2013. Congress will determine the amount of subsequent reductions for October 1, 2013 and beyond. We will update this program letter as necessary.

The final order of sequestration remains in effect through September 30, 2013, or until ordered by legislative or Executive action.

Only the reduced amount of sickness or unemployment benefits paid to a claimant will be charged to the claimant's base year employer's benefit account balance and consequently will be used when calculating the base year employer's experience rated RUIA contribution rate for any future years. The sequestered amount will not be charged to the claimant's base year employer's benefit account balance.

Any reduced special extended unemployment benefits paid based on the American Taxpayer Relief Act of 2012 (ATRA) or any subsequent Act extending unemployment benefits will be charged to the \$175 million appropriation. These benefits will not be charged to the claimant's base year employer's benefit account balance and consequently will not be used when calculating the base year employer's experience rated RUIA contribution rate for any future years.

If you have any questions regarding the reduction or sequestration of benefits paid based on the Budget Control Act of 2011, please contact the Railroad Retirement Board's Quality Reporting Service Center at (312) 751-4992.