

RAILROAD RETIREMENT BOARD

Limitation on Administration **Budget Account - 60-8237-0-7-601**

This appropriation request is for funds to administer the retirement/survivor and unemployment/sickness insurance benefit programs provided for railroad workers and members of their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Included in this request is an amount for certain activities related to the Medicare health insurance program. The Centers for Medicare & Medicaid Services (CMS) reimburse the RRB for certain other administrative expenses related to the Medicare program.

Retirement/Survivor Benefit Program

Under the Railroad Retirement Act, the RRB pays retirement and disability annuities to retired workers with qualifying years of railroad service. Annuities are also payable to spouses and divorced spouses of retired workers and to widows, widowers, children, and certain other survivors of deceased railroad workers. Qualified railroad retirement beneficiaries are covered by the Medicare health insurance program.

The RRB estimates that it will pay the following in retirement and survivor benefits through fiscal year 2013: \$10.9 billion to 578,000 persons in fiscal year 2011, \$11.3 billion to 574,000 persons in fiscal year 2012, and \$11.6 billion to 571,000 persons in fiscal year 2013.

Legislative history

The RRB was created in the 1930s by legislation establishing a retirement benefit program for the nation's railroad workers. Private industrial pension plans had been pioneered in the railroad industry and, by the 1930s, pension plans were far more developed in the rail industry than in most other businesses or industries. These plans, however, had serious defects which were magnified by the Great Depression. While the social security system was in the planning stage, railroad workers sought a separate railroad retirement system which would continue and broaden the existing railroad programs under a uniform national plan. The proposed social security system was not scheduled to begin monthly benefit payments for several years and would not give credit for service performed before 1937, while conditions in the railroad industry called for immediate benefit payments based on prior service.

Legislation was enacted in 1934, 1935, and 1937 to establish a railroad retirement system separate from the social security program legislated in 1935. Such legislation, taking into account the particular circumstances of the railroad industry, was not without precedent. Numerous laws pertaining to railroad operations and safety had already been enacted since

the Interstate Commerce Act of 1887. Since passage of the Railroad Retirement Acts of the 1930s, numerous other railroad laws have subsequently been enacted.

Railroad Retirement and Survivors' Improvement Act of 2001

The Railroad Retirement and Survivors' Improvement Act of 2001, Public Law 107-90, liberalized early retirement benefits for 30-year employees, eliminated a cap on monthly retirement and disability benefits, lowered the minimum service requirement from 10 years to 5 years of service if performed after 1995, and provided for increased benefits for some widow(er)s. The financing sections of the legislation repealed the supplemental annuity work-hour tax, and provided for adjustments in the payroll tax rates paid by employers and employees.

Public Law 107-90 also provides for the transfer of railroad retirement funds from the Railroad Retirement Accounts to the National Railroad Retirement Investment Trust (NRRIT), whose Board of seven trustees is empowered to invest NRRIT assets in non-governmental assets, such as equities and debt, as well as in governmental securities. Public Law 107-90 discontinued the separate Railroad Retirement Supplemental Account. While supplemental benefits provided by the Railroad Retirement Act continue to be due and payable, they are now funded through the Railroad Retirement Account.

Coordination with Social Security

While the railroad retirement system has remained separate from the social security system, the two systems are closely coordinated with regard to earnings credits, benefit payments, and taxes. Following the recommendations of the Federal Commission on Railroad Retirement, legislation enacted in 1974 restructured railroad retirement benefits into tiers, in order to coordinate them more fully with social security credits, using social security benefit formulas. Tier I benefits are generally the equivalent of social security benefits. Tier II benefits are based on railroad service only and are comparable to industrial pensions.

Jurisdiction over the payment of retirement and survivor benefits is shared by the RRB and SSA. The RRB has jurisdiction over the payment of retirement benefits if the employee had at least 10 years of railroad service, or 5 years of service if performed after 1995. For survivor benefits, there is an additional requirement that the employee's last regular employment before retirement or death was in the railroad industry. If a railroad employee or his/her survivor(s) do not qualify for railroad retirement benefits, the RRB transfers the employee's railroad retirement credits to SSA, where they are treated as social security credits.

Sources of income for the retirement/survivor benefit program

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by railroad employees and employers. By law, railroad retirement taxes are coordinated with social security taxes. Employees and employers pay tier I taxes at the same

rate as social security taxes. In addition, both employees and employers pay tier II taxes which are used to finance railroad retirement benefit payments over and above social security levels. Historically, railroad retirement taxes have been considerably higher than social security taxes.

Another source of income is the financial interchange with the social security trust funds. Under the financial interchange, in effect, the portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system. The purpose of this financial coordination is to place the social security trust funds in the same position they would be in if railroad service were covered by the social security program instead of the railroad retirement program.

Other current sources of income are returns on investments, and appropriations from general revenues provided after 1974 as part of a phase-out of certain vested dual benefits. The Railroad Retirement Account and Social Security Equivalent Benefit Account also receive credit for Federal income taxes paid on benefits from these accounts.

Unemployment/Sickness Insurance Program

Under the Railroad Unemployment Insurance Act, the RRB pays (1) unemployment insurance benefits to railroad workers who are unemployed but ready, willing, and able to work and (2) sickness insurance benefits to railroad workers who are unable to work because of illness, injury, or pregnancy.

In the benefit year that ended June 30, 2011, the RRB paid \$45,471,000 in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered \$3,436,000, resulting in net payments of \$42,035,000 to a total of 11,639 unemployment insurance claimants. During the same period, the RRB paid \$77,555,000 in sickness insurance benefits from the RUI Account, and recovered \$26,349,000, resulting in net payments of \$51,161,000 to a total of 17,362 sickness insurance claimants. The RRB also recovered a total of \$413,000 under provisions of the American Recovery and Reinvestment Act of 2009, and paid \$9,801,000 in additional extended unemployment benefits under the Worker, Homeownership and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

Provisions for benefits

A new unemployment and sickness insurance benefit year begins every July 1, with eligibility generally based on railroad service and earnings in the preceding calendar year. Up to 26 weeks of normal unemployment insurance benefits and 26 weeks of normal sickness insurance benefits are payable to an individual in a benefit year. Extended benefits may also be payable for up to 13 weeks to persons with 10 or more years of service.

Additional extended unemployment benefits are also now payable to some railroad workers under the Worker, Homeownership and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. These benefits are funded separately and will remain available until expended.

Legislative history

The railroad unemployment insurance system was established by legislation enacted in the 1930s. While State unemployment programs generally covered railroad workers, railroad operations which crossed State lines caused special problems. Unemployed railroad workers were denied compensation by one State because they became unemployed in another State or because their employers had paid unemployment taxes in another State. Although there were cases where employees appeared to be covered in more than one State, they often did not qualify in any.

The Federal study commission, which reported on the nationwide State plans for unemployment insurance, recommended that railroad workers be covered by a separate plan because of the complications their coverage had caused the State plans. The Congress subsequently enacted the Railroad Unemployment Insurance Act in 1938. Railroad unemployment insurance benefits became payable in July 1939. Sickness insurance benefits were added by amendments enacted in 1946. Subsequent amendments over the years revised eligibility requirements and adjusted benefit amounts and tax rates.

The railroad unemployment and sickness insurance system is financed by contributions from railroad employers. By law, a portion of the contributions is deposited in the Railroad Unemployment Insurance Administration Fund for the RRB's administrative expenses. The contributions are permanently appropriated for benefit payments and administrative expenses.

Large scale railroad layoffs during the economic recession in the early 1980s increased unemployment insurance payments to record levels, far exceeding unemployment contributions. By the end of July 1983, the account had a deficit of \$550 million. The Railroad Retirement Solvency Act, enacted August 12, 1983, increased railroad unemployment and sickness insurance taxes by increasing the limit on compensation subject to the tax from \$400 to \$600 a month. The act also imposed a temporary repayment tax on railroad employers to help repay loans from the Railroad Retirement Account.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), enacted April 7, 1986, increased the repayment tax. It also restored the authority of the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account; this authority had been removed by the Railroad Retirement Solvency Act. The law also provided for a surtax on railroad employers in the event that further borrowing after September 30, 1985, from the Railroad Retirement Account became necessary.

In November 1988, the Congress enacted the Railroad Unemployment Insurance and Retirement Improvement Act of 1988 (P.L. 100-647) to resolve the system's long-term financing problems. In brief, the legislation improved the program's financing by (1) indexing the tax base to increased wage levels, (2) determining employers' tax rates by using an experience rating formula, (3) establishing a variable surcharge geared to the balance in the Railroad Unemployment Insurance Account, and (4) ensuring repayment of the debt to the Railroad Retirement Account by extending the repayment tax until the debt was fully repaid, with interest. The loan was repaid in full with a transfer of funds from the Railroad Unemployment Insurance Account to the Railroad Retirement Account on June 29, 1993.

The Railroad Unemployment Insurance Amendments Act of 1996 (P.L. 104-251), enacted October 9, 1996, increased the railroad unemployment and sickness insurance daily benefit rate and revised the formula for indexing future benefit rates. It also reduced the waiting period for initial benefit payments and eliminated duplicate waiting periods in continuing periods of unemployment and sickness. In addition, the legislation applied an earnings test to claims for unemployment and reduced the duration of extended benefit periods for long-service employees. The provisions of the legislation were based on joint recommendations to the Congress negotiated by rail labor and management in order to update the railroad unemployment insurance system along the lines of State unemployment insurance systems.

RAILROAD RETIREMENT BOARD

Administrative Appropriation Request for Fiscal Year 2013

Limitation on Administration (60-8237-0-7-601)

<u>Budget Level</u>	<u>FTEs</u>	<u>Amount</u>^{1/} (\$ thousands)
Agency request level	902	\$117,719
OMB guidance level ^{2/}	835	103,412
Reduced level ^{3/}	790	97,969

^{1/} Dollar amounts do not include reimbursements.

^{2/} This level of funding is a 5 percent reduction below the fiscal year 2011 enacted appropriation.

^{3/} This level represents a 10 percent reduction below the fiscal year 2011 funding.

RAILROAD RETIREMENT BOARD
LIMITATION ON ADMINISTRATION
BUDGET BY APPROPRIATION AND OBJECT CLASS
(in thousands of dollars)

	FY 2011	AMOUNT OF CHANGE	FY 2012 ADMIN. PROPOSED	AMOUNT OF CHANGE	FY 2013 AGENCY REQUEST	AMOUNT OF CHANGE	FY 2013 OMB GUIDANCE	AMOUNT OF CHANGE	FY 2013 OMB REDUCED
TOTAL FTEs (INCLUDING REIMBURSABLE)	906	(4)	902	0	902	(67)	835	(45)	790
TOTAL RRB DIRECT PROGRAM OBLIGATIONS									
11.1 FULL-TIME PERMANENT	67,258	1,328	68,586	182	68,768	(5,721)	63,047	(3,938)	59,109
11.3 OTHER THAN FULL-TIME PERMANENT	649	(130)	519	336	855	(8)	847	(7)	840
11.5 OTHER PERSONNEL COMPENSATION	1,673	(15)	1,658	(446)	1,212	(301)	911	(281)	630
11.9 TOTAL PERSONNEL COMPENSATION	69,580	1,183	70,763	72	70,835	(6,030)	64,805	(4,226)	60,579
12.0 PERSONNEL BENEFITS: CIVILIAN	17,423	(370)	17,053	1,381	18,434	(1,576)	16,858	(1,020)	15,838
13.0 BENEFITS FOR FORMER PERSONNEL	245	(25)	220	0	220	0	220	900	1,120
21.0 TRAVEL AND TRANSPORTATION	688	80	768	10	778	(189)	589	(189)	400
22.0 TRANSPORTATION OF THINGS	37	33	70	(16)	54	(12)	42	0	42
23.1 RENTAL PAYMENTS TO GSA	3,500	300	3,800	0	3,800	0	3,800	0	3,800
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	4,892	470	5,362	181	5,543	(225)	5,318	(10)	5,308
24.0 PRINTING AND REPRODUCTION	309	30	339	(16)	323	0	323	0	323
25.0 OTHER SERVICES	10,627	1,262	11,889	3,583	15,472	(5,815)	9,657	(258)	9,399
26.0 SUPPLIES AND MATERIALS	712	20	732	2	734	(10)	724	(140)	584
31.0 EQUIPMENT	842	401	1,243	283	1,526	(450)	1,076	(500)	576
TOTAL RRB DIRECT OBLIGATIONS	108,855	3,384	112,239	5,480	117,719	(14,307)	103,412	(5,443)	97,969
REIMBURSABLE OBLIGATIONS	10,107	(565)	9,542	1,065	10,607	0	10,607	0	10,607
TOTAL RRB OBLIGATIONS	118,962	2,819	121,781	6,545	128,326	(14,307)	114,019	(5,443)	108,576
LIMITATION ON ADMINISTRATION	108,855	3,384	112,239	5,480	117,719	(14,307)	103,412	(5,443)	97,969

NOTES:

Salary and benefit estimates reflect a 2.0 percent pay increase in January 2013.

At the reduced budget level for fiscal year 2013, benefits for former personnel include reduction-in-force costs of \$900,000 for 45 employees.

The proposed fiscal year 2013 budget includes \$6,110,000 for information technology (IT) investments at the agency request level. The OMB guidance and reduced budget levels include \$1,000,000 and \$500,000 for IT investments, respectively.

REDUCTIONS IN ADMINISTRATIVE COSTS AT OMB GUIDANCE AND REDUCED BUDGET LEVELS

In compliance with OMB Memorandum M-11-30, dated August 17, 2011, following are examples of targeted reductions in administrative costs at the OMB guidance and reduced levels of the proposed budget for fiscal year 2013.

- **Voice over Internet Protocol (VOIP) Communications.** The guidance and reduced levels of the fiscal year 2013 budget reflect a reduction of \$600,000 for contractual services to convert the RRB's headquarters telephone system to VOIP. This conversion, which has been delayed for several years due to lack of funding, would enable the RRB to discontinue use of a headquarters telephone switch, installed in February 1997, which is approaching the end of its service life.
- **Government contracts.** The guidance and reduced budget levels reflect a reduction of \$222,000 for government contracts. At these levels, the RRB would postpone a closed file project and reduce other services provided by the National Archives and Records Administration. Other savings are also projected due to a reduction in job posting services by the Office of Personnel Management.
- **Maintenance of facilities.** At the guidance level, reduction of maintenance and security agreements would save \$92,000. Further reductions at the reduced budget level would result in savings of \$114,700.
- **Contracts for information technology (IT) investments.** The guidance and reduced budget levels reflect a reduction of \$4,667,000 for contractual services to proceed with planned and ongoing IT improvements. These include \$3,562,000 for migration of the RRB's Federal Financial System to a shared service provider, and \$1,105,000 for other initiatives as shown on page 46.
- **Equipment for IT investments.** At the guidance budget level, funding for IT equipment would be reduced by \$443,000 to a total of \$1 million. At the reduced budget level, funding would be reduced an additional \$500,000. With these large reductions, available funding would be used only for emergencies and the highest priority needs to be determined at the time.
- **Reduction-in-force.** At the reduced budget level for fiscal year 2013, the RRB would need to conduct a reduction-in-force at the beginning of the fiscal year to reduce staffing by 45 employees. Total direct costs for compensation and benefits would be about \$10.6 million less than the fiscal year 2011 amount. Agency staffing would be reduced by 12.8 percent, to a total of 790 full-time equivalents. As a result, succession planning and overall management of operations would suffer.

**Explanation of Changes Between the Estimated Budget for Fiscal year 2012,
and Budget Levels for Fiscal Year 2013**

Limitation on Administration, Direct Obligations

<i>Category</i>	<i>FY 2012 Proposed to FY 2013 Agency Request (\$000)</i>	<i>FY 2013 Agency Request to OMB Guidance (\$000)</i>	<i>FY 2013 OMB Guidance to Reduced (\$000)</i>
<p>1. <u>Personnel compensation</u> Changes reflect variations in RRB staffing at each of the budget levels. The agency request level of the budget reflects a staffing level of 902 FTEs, which is the same as projected for 2012. FTE usage would be reduced to 835 at the OMB guidance level and 790 at the reduced budget level.</p> <p>A reduction-of-force of 45 employees would be required at the reduced budget level.</p> <p>Projected compensation costs reflect an estimated pay increase of two percent in January 2013. In accordance with OMB guidance, one percent of salary has also been included for performance awards in fiscal year 2013. At the agency request, funding for overtime is an estimated \$484,700. This amount would be reduced by half, to \$242,350 at the guidance level and eliminated entirely at the reduced budget level.</p>	72	(6,030)	(4,226)
<p>2. <u>Civilian personnel benefits</u> Employee benefits are estimated to total approximately 26.2 percent of salary costs in 2013, which is an increase over expected rates in 2012. Changes between the fiscal year 2013 budget levels also reflect variations in RRB staffing as noted above.</p> <p>At the agency request level, \$180,000 would be included for change-of-station costs. This amount would be reduced to \$120,000 at both the guidance and reduced budget levels. In addition, all levels reflect \$12,000 for transit benefits for the Office of Legislative Affairs located in Washington D.C. Funding is not provided for resumption of the transit benefit subsidy for RRB employees outside the Washington, D.C. area. This benefit has been suspended in recent years due to budget constraints.</p>	1,381	(1,576)	(1,020)

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2012,
and Budget Levels for Fiscal Year 2013**

Limitation on Administration, Direct Obligations

<i>Category</i>	<i>FY 2012 Proposed to FY 2013 Agency Request (\$000)</i>	<i>FY 2013 Agency Request to OMB Guidance (\$000)</i>	<i>FY 2013 OMB Guidance to Reduced (\$000)</i>
<p>3. <u>Benefits for former personnel</u> A total of \$220,000 for workers' compensation and unemployment insurance is requested for fiscal year 2013. This is the same as the fiscal year 2012 level. At the reduced budget level, it would be necessary to increase funding in this category to \$900,000 in order to pay severance benefits as a result of the reduction-in-force.</p>	0	0	900
<p>4. <u>Travel and transportation of persons</u> The fiscal year 2013 agency request includes \$778,000 for travel, which is \$10,000 more than the amount budgeted for fiscal year 2012. The agency proposes to reduce this funding by \$189,000 at each of the lower budget levels. Total funding for travel would be \$589,000 and \$400,000 at the guidance and reduced levels respectively.</p>	10	(189)	(189)
<p>5. <u>Transportation of things</u> This category reflects a decrease in funding in fiscal year 2013 compared to fiscal year 2012 for projected shipping costs. A further reduction of \$12,000 will be realized at the guidance and reduced levels as a result of eliminating one change-of-station.</p>	(16)	(12)	0
<p>6. <u>Rental payments to the General Services Administration (GSA)</u> The requested amount for fiscal year 2013 reflects charges on an actual cost basis that RRB will continue to pay for rent, consistent with RRB's memorandum of understanding with GSA. There are no changes in these projections between the 2012 proposed level and expected costs in 2013.</p>	0	0	0

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2012,
and Budget Levels for Fiscal Year 2013**

Limitation on Administration, Direct Obligations

<i>Category</i>	<i>FY 2012 Proposed to FY 2013 Agency Request (\$000)</i>	<i>FY 2013 Agency Request to OMB Guidance (\$000)</i>	<i>FY 2013 OMB Guidance to Reduced (\$000)</i>
<p>7. <u>Communications, utilities, and miscellaneous charges</u> This category reflects an increase of \$181,000 over planned spending for fiscal year 2012. Increases include approximately \$110,000 for communications, \$55,000 for postage, and \$16,000 for rent of equipment.</p> <p>At the guidance level, proposed savings total \$225,000, including \$100,000 in postage, \$90,000 in communications, and \$35,000 in utilities. An additional \$10,000 in postage savings would be realized at the reduced budget level.</p>	181	(225)	(10)
<p>8. <u>Printing and reproduction</u> The decrease in this category reflects lower costs for printing benefit rate letters, tax statements, and earnings information for railroad retirement and unemployment/sickness insurance beneficiaries due to savings from automated communications and fewer overall beneficiaries. The category also includes costs for official publication of agency information in the Federal Register and Code of Federal Regulations.</p>	(16)	0	0
<p>9. <u>Other services</u> At the agency request level, this category reflects a net increase of \$3,584,000 from planned fiscal year 2012 spending. Increases include approximately \$4,006,000 in contractual services, \$177,000 in government contracts, and \$44,000 in other services. Increases are partially offset by reductions of \$267,000 in maintenance of facilities, \$181,000 in medical fees, \$85,000 in repairs and maintenance, \$63,000 in consulting services, and \$47,000 in training.</p>	3,583	(5,815)	(258)

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2012,
and Budget Levels for Fiscal Year 2013**

Limitation on Administration, Direct Obligations

<i>Category</i>	<i>FY 2012 Proposed to FY 2013 Agency Request (\$000)</i>	<i>FY 2013 Agency Request to OMB Guidance (\$000)</i>	<i>FY 2013 OMB Guidance to Reduced (\$000)</i>
<p>9. <u>Other services (cont.)</u></p> <p>The agency request level includes \$4,667,000 for information technology initiatives in the contractual services object class, including \$3,562,000 for the migration of the Federal Financial System to a shared service provider. At the guidance and reduced budget levels, all information technology funding in this category would be deferred.</p> <p>In addition to IT savings, the agency has identified \$1,148,000 in other reductions at the guidance budget level. These include deferral of \$600,000 for the transition to a voice-over-internet phone system and \$190,000 for a closed file project with the National Archives and Records Administration. Other reductions at the guidance level include \$32,000 in government contracts, \$45,000 in other services, \$27,000 in maintenance and repairs, \$8,000 in storage of household goods, \$129,000 in training, \$92,000 in facilities maintenance and \$25,000 in contractual services.</p> <p>At the reduced budget level, the agency has identified an additional \$258,000 in savings, as follows: \$115,000 in maintenance of facilities, \$128,000 in training, and \$15,000 in other services.</p>			
<p>10. <u>Supplies and materials</u></p> <p>Estimated costs in this category reflect a moderate increase in fiscal year 2013 at the agency request level. At the guidance level, \$10,000 would be removed from employee awards programs. An additional \$140,000 would be removed at the reduced budget level as the agency cuts supply usage across the board.</p>	2	(10)	(140)

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2012,
and Budget Levels for Fiscal Year 2013**

Limitation on Administration, Direct Obligations

<i>Category</i>	<i>FY 2012 Proposed to FY 2013 Agency Request (\$000)</i>	<i>FY 2013 Agency Request to OMB Guidance (\$000)</i>	<i>FY 2013 OMB Guidance to Reduced (\$000)</i>
<p>11. <u>Equipment</u> A total of \$1,526,000 would be available for equipment at the agency request level for fiscal year 2013. This total includes \$1,443,000 for IT investments and \$83,000 for other equipment purchases.</p> <p>At the guidance level, \$443,000 in information technology initiatives would be deferred along with \$7,000 in other equipment purchases. Total information technology funding this level would be \$1,000,000. At the reduced budget level, it would be necessary to further reduce IT spending by \$500,000.</p>	283	(450)	(500)
Total Increase/Decrease	5,480	(14,307)	(5,443)

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment by Series a/

Series	Rank	FY 2011	FY 2012 <u>b/</u>	FY 2013 Agency Request Level	FY 2013 OMB Guidance Level	FY 2013 OMB Reduced Level
Executive	Level III	1	1	1	1	1
	Level IV	2	2	2	2	2
	Subtotal	3	3	3	3	3
Senior Executive Service	ES-00	8	8	8	8	8
	Subtotal	8	8	8	8	8
General	GS/GM-15	34	33	34	32	30
	GS/GM-14	61	61	63	60	57
	GS/GM-13	96	98	101	96	91
	GS-12	226	218	227	205	194
	GS-11	159	154	160	150	142
	GS-10	149	142	151	136	128
	GS-9	37	43	28	39	37
	GS-8	28	46	48	44	41
	GS-7	54	26	29	23	22
	GS-6	12	11	11	11	10
	GS-5	23	19	23	17	16
	GS-4	16	15	16	11	11
	GS-3	0	0	0	0	0
	GS-2	0	0	0	0	0
	Subtotal	895	866	891	824	779
Combined	Total	906	877	902	835	790

a/ Amounts for each year include staffing reimbursed by the Centers for Medicare & Medicaid Services.

b/ FTEs reflect estimates in the President's proposed budget for fiscal year 2012. If the RRB's budget for fiscal year 2012 or 2013 is reduced below the request level, it would be necessary to restrict hiring in order to prevent a reduction-in-force.

RAILROAD RETIREMENT BOARD

Full-Time Equivalent Employees by Organization

Organization	FY 2011 ^{1/}	FY 2012 President's Budget ^{2/}	FY 2013 Agency Request Level	FY 2013 OMB Guidance Level	FY 2013 OMB Reduced Level
Chairman	3.42	--	--	--	--
Labor	7.00	--	--	--	--
Management	5.00	--	--	--	--
Subtotal, Board	15.42	--	--	--	--
General Counsel/Law	14.01	--	--	--	--
Hearings and Appeals	11.27	--	--	--	--
Legislative Affairs	3.87	--	--	--	--
Secretary to the Board	1.91	--	--	--	--
Subtotal, General Counsel	31.06	--	--	--	--
Office of Programs	567.5	--	--	--	--
CFO/Fiscal Operations	64.25	--	--	--	--
Actuary	17.45	--	--	--	--
Office of Administration	62.47	--	--	--	--
Information Services	145.82	--	--	--	--
Total	903.97	877.00	902.00	835.00	790.00

^{1/} Amounts reflect projected use as of July 30, 2011. The RRB's fiscal year 2011 budget includes funding for 906 FTEs.

^{2/} Reflects projected total staffing at the President's proposed level of \$112.239 million. FTEs reflect estimates in the President's proposed budget for fiscal year 2012. If the RRB's budget for fiscal year 2012 or 2013 is reduced below the request level, it would be necessary to restrict hiring in order to prevent a reduction-in-force.

RAILROAD RETIREMENT BOARD

Narrative Description of Strategic Goals

The RRB's budget request for ongoing operations is distributed between two areas that match the goals stated in the agency's Strategic Plan for Fiscal Years 2009–2014:

Strategic Goal I. Provide excellent customer service.

Strategic Goal II. Serve as responsible stewards for our customers' trust funds and agency resources.

Amounts requested by the RRB represent the resources needed to achieve the performance goals stated in the RRB's Performance Plan for Fiscal Year 2013. Activities in each area are described in the following sections. The Performance Plan contains additional information concerning performance indicators for each goal.

I. Provide Excellent Customer Service.

Regarding the RRB's strategic goal of providing excellent customer service, annual performance goals and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2013 include the following:

I-A. Pay benefits timely.

- Ensure accurate, up-to-date, accessible instructions to support our front-line employees as they provide customer support.
- Inform our customers about their responsibilities.
- Ensure that the Customer Service Plan is comprehensive and is revised when appropriate.
- Promote direct deposit for benefit payments.
- Monitor key payment workloads.
- Allocate resources effectively.

I-B. Provide a range of choices in service delivery methods.

- Increase opportunities for our customers to conduct business in a secure manner over the Internet.
- Continue to develop electronic services that enable employers to conduct daily business transactions and file required reports in an efficient, effective and secure manner.

II. Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.

Regarding the RRB's strategic goal of safeguarding our customers' trust funds through prudent stewardship, annual performance goals and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2013 include the following:

- II-A. Ensure that trust fund assets are protected, collected, recorded and reported appropriately.
 - Continue to issue annual audited financial statements.
 - Monitor the solvency of the trust funds through a sound program of actuarial valuations and financial projections.
 - Correctly estimate the amounts needed for future benefit payments.
 - Verify that payroll taxes are fully collected and properly recorded.
 - Issue accurate, timely determinations and notices of contribution rates required under the unemployment and sickness insurance program.
 - Continue to carry out the RRB's debt management policy.

- II-B. Ensure the accuracy and integrity of benefit programs.
 - Monitor payment accuracy and the levels of improper payments, and identify problems.
 - Provide feedback and take additional preventive actions, as appropriate.
 - Maintain established matching programs.
 - Continue our program integrity reviews.

- II-C. Ensure effectiveness, efficiency and security of operations.
 - Continue to develop an effective human capital planning program.
 - Monitor and improve program performance and accountability.
 - Ensure the privacy and security of our customers' transactions with the RRB.
 - Expand our participation in e-Government initiatives.
 - Improve our ability to control and monitor information technology investments.
 - Make greater use of performance-based contracts.
 - Comply with new security requirements for employee identification.

- II-D. Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.

RAILROAD RETIREMENT BOARD

Appropriation Request by Strategic Goal

The RRB Performance Budget for Fiscal Year 2013 contains a discussion of the administration of the railroad retirement/survivor and unemployment/sickness insurance benefit programs. The tables on the following pages identify the estimated costs of administering these programs in terms of the following strategic goals:

- I. Customer service
- II. Stewardship

These goals are consistent with the RRB's Strategic Plan for Fiscal Years 2009–2014.

Projections for the fiscal year 2013 budget reflect three funding levels, as follows:

- The Reduced level of the budget provides \$97,969,369 for fiscal year 2013, which constitutes a ten percent reduction from the fiscal year 2011 appropriation, in accordance with OMB guidance. This level would fund 790 FTEs to administer the benefit programs and provide an estimated \$500,000 for essential information technology costs.
- The Guidance level of the budget provides \$103,412,111 for fiscal year 2013, which is a five percent reduction from the fiscal year 2011 appropriation, in accordance with OMB guidance. This level would fund 835 FTEs to administer the benefit programs and provide an estimated \$1,000,000 for essential information technology costs.
- The agency request level totals \$117,718,700 for fiscal year 2013. This amount would be sufficient to fund 902 FTEs and provide an estimated \$6,110,000 for information technology investments including the migration of the Federal Financial System to a shared service provider.

RAILROAD RETIREMENT BOARD

**Summary of Strategic Goal Amounts
Budget Account - Limitation on Administration (60-8237-0-7-601)**

**Analysis of Resources
(in thousands of dollars)**

<u>Fiscal Year/Level</u>	<u>2011</u>	<u>2012</u>	<u>Request Level</u>	<u>2013 Guidance Level</u>	<u>Reduced Level</u>	
Budget authority.....	108,855	112,239	117,719	103,412	97,969	
Outlays.....	108,855	112,239	117,719	103,412	97,969	
Full-time equivalent employment.....	906	902	902	835	790	
 <u>Fiscal Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Budget authority:						
Request level.....	117,719	*	*	*	*	*
Guidance level.....	103,412	103,412	103,412	103,412	103,412	103,412
Reduced level.....	97,969	97,969	97,969	97,969	97,969	97,969
Outlays:						
Request level.....	117,719	*	*	*	*	*
Guidance level.....	103,412	103,412	103,412	103,412	103,412	103,412
Reduced level.....	97,969	97,969	97,969	97,969	97,969	97,969

* Amounts for these years are to be determined.

RAILROAD RETIREMENT BOARD

Strategic Goal - Customer Service

Budget Account - Limitation on Administration (60-8237-0-7-601)

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2011</u>	<u>2012</u>	<u>Request Level</u>	<u>2013 Guidance Level</u>	<u>Reduced Level</u>		
Budget authority.....	84,709	87,192	89,482	81,934	77,990		
Outlays.....	84,709	87,192	89,482	81,934	77,990		
Full-time equivalent employment.....	704	703	725	671	635		
<u>Fiscal Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
Budget authority:							
Request level.....	89,482	*	*	*	*	*	
Guidance level.....	81,934	81,934	81,934	81,934	81,934	81,934	81,934
Reduced level.....	77,990	77,990	77,990	77,990	77,990	77,990	77,990
Outlays:							
Request level.....	89,482	*	*	*	*	*	
Guidance level.....	81,934	81,934	81,934	81,934	81,934	81,934	81,934
Reduced level.....	77,990	77,990	77,990	77,990	77,990	77,990	77,990

* Amounts for these years are to be determined.

RAILROAD RETIREMENT BOARD

Strategic Goal - Stewardship

Budget Account - Limitation on Administration (60-8237-0-7-601)

Analysis of Resources

(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2011</u>	<u>2012</u>	<u>Request Level</u>	<u>2013 Guidance Level</u>	<u>Reduced Level</u>		
Budget authority.....	24,146	25,047	28,237	21,478	19,979		
Outlays.....	24,146	25,047	28,237	21,478	19,979		
Full-time equivalent employment.....	202	199	177	164	155		
 <u>Fiscal Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
Budget authority:							
Request level.....	28,237	*	*	*	*	*	
Guidance level.....	21,478	21,478	21,478	21,478	21,478	21,478	21,478
Reduced level.....	19,979	19,979	19,979	19,979	19,979	19,979	19,979
Outlays:							
Request level.....	28,237	*	*	*	*	*	
Guidance level.....	21,478	21,478	21,478	21,478	21,478	21,478	21,478
Reduced level.....	19,979	19,979	19,979	19,979	19,979	19,979	19,979

* Amounts for these years are to be determined.