



UNITED STATES OF AMERICA  
**RAILROAD RETIREMENT BOARD**  
844 NORTH RUSH STREET  
CHICAGO, ILLINOIS 60611-2092

BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN  
V.M. SPEAKMAN, JR., LABOR MEMBER  
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable Jacob J. Lew  
Director  
Office of Management and Budget  
Eisenhower Executive Office Building  
1650 Pennsylvania Avenue, N.W.  
Washington, D.C. 20503

Dear Mr. Lew:

Enclosed is our budget request for fiscal year 2013. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

The agency request level of the enclosed budget reflects direct funding of \$117.72 million. This represents the minimum amount that we consider necessary to maintain the RRB's current level of service to the public and continue with ongoing projects to maintain and modernize our information technology (IT) systems. The total would be sufficient to fund 902 full-time equivalent staff (FTEs), which is 4 FTEs less than the RRB's staffing for fiscal year 2011. This budget level would also provide \$6.11 million for IT initiatives, including \$3.56 million for migration of our financial system to a shared service provider.

In compliance with guidance in OMB Memorandum M-11-30, dated August 17, 2011, our fiscal year 2013 budget submission also includes two lower levels: an OMB guidance level representing a 5 percent reduction from the RRB's fiscal year 2011 appropriation, and a reduced budget level, representing a 10 percent reduction from fiscal year 2011.

UNITED STATES RAILROAD RETIREMENT BOARD

The guidance level of the budget totals \$103.41 million, and provides sufficient funding for 835 FTEs – 7.4 percent less than our requested staffing level. Budget projections show that the agency could reach this level without a reduction-in-force by relying on attrition. At this budget level, funding for IT investments would be reduced by \$5.11 million, to a total of \$1 million, which would be available for only the highest priority needs at the time.

The reduced budget level totals \$97.97 million, which would be sufficient for only 790 FTEs – 12.4 percent less than our requested staffing. To reach this level, the RRB would need to conduct a reduction-in-force (RIF) early in the fiscal year at an estimated cost of \$900,000 to reduce staffing by about 45 employees. Funding for IT initiatives would be reduced to a total of only \$500,000 at this level, providing resources for emergency needs only.

The guidance and reduced budget levels for fiscal year 2013 pose special problems for the RRB, because we need to provide for succession planning and IT development to ensure that the agency can continue to provide excellent service to the public in future years. Like many agencies, the RRB has an aging workforce. About 70 percent of our employees have over 20 years of service, and over 40 percent of RRB employees will be eligible for retirement by fiscal year 2013. To prepare for the expected turnover, we need to recruit and train qualified staff to fill the expected vacancies, but at the lower budget levels we would need to freeze hiring instead.

IT initiatives are also important to the RRB because the agency is highly dependent on automated systems to manage workloads and provide services. In recent years, we have made great progress in this area, expanding the services that we provide through the Internet and implementing nationwide toll-free telephone service. Much more remains to be done, though. At the agency request level of the budget, funding would be available to continue with an important project to migrate our financial system to a shared service provider, continue with E-Government initiatives, and maintain our network operations and infrastructure. At the lower budget levels, we would need to defer most network maintenance and delay or defer most other initiatives.

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2013 costs of vested dual benefits, \$45 million, with a 2 percent reserve of \$900,000. The RRB also requests \$548,378,840 for applicable military service credits through December 2009, with interest through September 1, 2011.

UNITED STATES RAILROAD RETIREMENT BOARD

Finally, included in the budget submission are two agency legislative proposals. One would amend the Railroad Retirement Act to require issuance of social security numbers to employees of covered railroad employers. The other would amend the Railroad Retirement Act to allow the RRB to use various hiring authorities offered by the Office of Personnel Management.

As required by Section 1108(c) of Title 31, United States Code, we certify that all statements of obligations furnished to OMB in connection with our requests for proposed appropriations for fiscal year 2012 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Original Signed  
Michael S. Schwartz, Chairman  
V. M. Speakman, Jr., Labor Member  
Jerome F. Kever, Management Member

September 8, 2011

Enclosure



UNITED STATES OF AMERICA  
**RAILROAD RETIREMENT BOARD**  
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BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN  
V.M. SPEAKMAN, JR., LABOR MEMBER  
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable Joseph R. Biden, Jr.  
President of the Senate  
Washington, D.C. 20510

Dear Mr. President:

We submitted the enclosed budget request for fiscal year 2013 to the Office of Management and Budget (OMB). We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

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V. M. Speakman, Jr., Labor Member  
Jerome F. Kever, Management Member

September 8, 2011

Enclosure

cc: Honorable Daniel K. Inouye  
Chairman, Senate Committee on Appropriations

Honorable Thad Cochran  
Vice Chairman, Senate Committee on Appropriations

Honorable Tom Harkin  
Chairman, Senate Subcommittee on Labor, Health  
and Human Services, Education, and Related Agencies



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V.M. SPEAKMAN, JR., LABOR MEMBER  
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable John A. Boehner  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

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Sincerely,

Original Signed  
Michael S. Schwartz, Chairman  
V. M. Speakman, Jr., Labor Member  
Jerome F. Kever, Management Member

September 8, 2011

Enclosure

cc: Honorable Hal Rogers  
Chairman, House Committee on Appropriations

Honorable Norm Dicks  
Vice Chairman, House Committee on Appropriations

Honorable Denny Rehberg  
Chairman, House Subcommittee on Labor, Health  
and Human Services, Education and Related Agencies

**RAILROAD RETIREMENT BOARD  
FISCAL YEAR 2013 BUDGET SUBMISSION**

**Table of Contents**

APPROPRIATION REQUESTS	<b><u>Page</u></b>
Social Security Equivalent Benefit Account.....	1
Railroad Retirement Account .....	4
Federal Payments to the Railroad Retirement Accounts.....	7
Dual Benefits Payments Account.....	11
Limitation on Administration	
Retirement/Survivor Benefit Program .....	15
Unemployment/Sickness Insurance Program.....	17
Administrative Appropriation Request for Fiscal Year 2013 .....	20
Budget by Appropriation and Object Class .....	21
Reductions in Administrative Costs at OMB Guidance and Reduced Budget Levels.....	22
Explanation of Changes Between the Estimated Budget for Fiscal Year 2012, and Budget Levels for Fiscal Year 2013.....	23
Summary of Full-Time Equivalent Employment by Series .....	28
Full-Time Equivalent Employees by Organization.....	29
Narrative Description of Strategic Goals .....	30
Appropriation Request by Strategic Goal .....	33
PERFORMANCE BUDGET	
RRB Performance Budget, Fiscal Year 2013 .....	36

**RAILROAD RETIREMENT BOARD  
FISCAL YEAR 2013 BUDGET SUBMISSION**

**Table of Contents**

OMB EXHIBITS	<b><u>Page</u></b>
Information Technology	
Information Technology Initiatives for Fiscal Year 2013 .....	60
Information Technology Capital Plan, Fiscal Years 2011 – 2016 .....	64
Exhibit 53, Information Technology Investment Portfolio .....	90
Exhibit 300, IT Capital Asset Summary, Federal Financial System Migration .....	93
Proposed Legislative Program .....	101
Other	
Relationship of Programs to Account Structure.....	102
Program Evaluation Agenda .....	104
Financial Management .....	108
Electronic Funds Transfer/Vendor Express .....	116
Exhibit 54, Space Budget Justification .....	118
Employee Relocation Costs .....	120
Wellness Initiatives .....	121

## **RAILROAD RETIREMENT BOARD**

### **Social Security Equivalent Benefit Account** **Budget Account - 60-8010-0-7-601**

The Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to establish a Social Security Equivalent Benefit (SSEB) Account beginning October 1, 1984. The SSEB Account, which is separate from other railroad retirement accounts, is used to record revenues and expenditures related to social security equivalent portions (similar to "tier I" amounts) of railroad retirement annuities. Accordingly, funds in the SSEB Account are used to pay social security equivalent benefits and related administrative expenses. A social security equivalent benefit is the portion of a railroad retirement annuity that corresponds to an amount calculated under social security formulas, but is based on combined railroad retirement and social security credits.

The following amounts are included as revenue to the SSEB Account:

- (1) payroll taxes,
- (2) income taxes attributable to taxation of the social security portion of railroad retirement annuities,
- (3) financial interchange transfers from the social security trust funds provided by Section 7(c) of the Railroad Retirement Act,
- (4) interest on uncashed checks, and
- (5) return on investments.

In addition, for calendar year 2011, the SSEB Account also receives transfers from the general fund of the Treasury due to the temporary payroll tax reduction provisions of P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

In a relatively small number of cases, the railroad retirement system does not pay benefits when social security would pay benefits. In these cases, mainly dependent children of retired railroad employees, the SSEB Account collects an amount through the financial interchange but does not pay a corresponding benefit. This imbalance between outgo and income is relatively small in any particular year. Section 15A(d)(2) of the Railroad Retirement Act, as amended, provides that amounts in the SSEB Account not needed for payment of current benefits and administrative expenses will be transferred to the National Railroad Retirement Investment Trust or the Railroad Retirement Account.

### **Requested appropriation**

The table on pages 2 and 3 identifies the estimated budget authority and outlays for this account for fiscal years 2011 through 2021, based on the Office of Management and Budget's (OMB) June 2011 mid-session economic assumptions. The estimates reflect current law.

**RAILROAD RETIREMENT BOARD**

**Social Security Equivalent Benefit Account**  
**(Budget Account - 60-8010-0-7-601)**

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

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>		
			<b><u>Current</u></b>		
			<b><u>Services</u></b>		
Budget authority.....	6,520,000	6,639,000	6,837,000		
Outlays.....	6,516,000	6,613,000	6,812,000		
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Budget authority:					
Current services.....	7,043,000	7,258,000	7,475,000	7,692,000	7,900,000
Outlays:					
Current services.....	7,019,000	7,233,000	7,455,000	7,671,000	7,883,000

Note: In March 2011, the RRB paid social security equivalent benefits to 460,000 beneficiaries. The RRB estimates that in March 2012 and 2013, the agency will pay these benefits to 457,000 and 454,000 beneficiaries, respectively.

**RAILROAD RETIREMENT BOARD**

**Social Security Equivalent Benefit Account**  
**(Budget Account - 60-8010-0-7-601)**

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

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Budget authority:			
Current services.....	8,099,000	8,279,000	8,445,000
Outlays:			
Current services.....	8,082,000	8,265,000	8,432,000

## **RAILROAD RETIREMENT BOARD**

### **Railroad Retirement Account** **Budget Account - 60-8011-0-7-601**

Under the Railroad Retirement Act, the RRB pays retirement and disability annuities to qualified railroad workers. Supplemental annuities are payable to career railroad employees with service before October 1981. 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. There are also provisions for lump-sum benefits. Qualified railroad retirement beneficiaries are also covered by Medicare in the same way as social security beneficiaries.

The Railroad Retirement Account funds the above-described benefits in excess of social security benefits. Funding is primarily from payroll taxes on railroad employers and employees, earnings on trust fund investments and income taxes attributable to these benefits.

The Railroad Retirement and Survivors' Improvement Act of 2001 (P.L. 107-90) made a number of major changes to the Railroad Retirement Act. In addition to other provisions, P.L. 107-90 provides for the transfer of railroad retirement funds from the Railroad Retirement Account to the National Railroad Retirement Investment Trust (NRRIT), whose Board of Trustees is empowered to invest NRRIT-held assets in non-governmental assets, such as equities and debt, as well as in governmental securities. NRRIT is not treated as an agency or instrumentality of the Federal Government.

P.L. 107-90 also repealed the railroad retirement supplemental annuity tax paid by rail employers and eliminated the separate Railroad Retirement Supplemental Account. While supplemental railroad retirement annuities provided by the Railroad Retirement Act continue to be due and payable, they are now funded through the Railroad Retirement Account.

### **Requested appropriation**

The table on pages 5 and 6 identifies estimated budget authority and outlays for this account for fiscal years 2011 through 2021. The estimates are based on OMB's June 2011 mid-session economic assumptions and reflect current law.

**RAILROAD RETIREMENT BOARD**

**Railroad Retirement Account**  
**(Budget Account - 60-8011-0-7-601)**

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

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>		
			<b><u>Current</u></b>		
			<b><u>services</u></b>		
Budget authority.....	4,520,000	4,761,000	4,938,000		
Outlays.....	4,505,000	4,747,000	4,926,000		
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Budget authority:					
Current services.....	5,096,000	5,237,000	5,372,000	5,481,000	5,579,000
Outlays:					
Current services.....	5,085,000	5,225,000	5,362,000	5,472,000	5,570,000

Notes: The RRB paid tier II benefits to 522,000 beneficiaries in March 2011. The agency expects to pay these benefits to 519,000 beneficiaries in March 2012 and 515,000 beneficiaries in March 2013. The RRB also paid supplemental annuities to 121,000 beneficiaries in March 2011. The agency expects to pay supplemental annuities to 121,000 beneficiaries in March 2012 and 121,000 beneficiaries in March 2013.

Budget authority and outlay amounts include tier II benefits, the non-social security equivalent portion of tier I benefits, and supplemental annuities.

**RAILROAD RETIREMENT BOARD**

**Railroad Retirement Account**  
**(Budget Account - 60-8011-0-7-601)**

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Budget authority:			
Current services.....	5,652,000	5,716,000	5,754,000
Outlays:			
Current services.....	5,643,000	5,708,000	5,747,000

## **RAILROAD RETIREMENT BOARD**

### **Federal Payments to the Railroad Retirement Accounts** **Budget Account - 60-0113-0-1-601**

This account was established in conjunction with the implementation of the Railroad Retirement Solvency Act of 1983. It facilitates the administration of the Railroad Retirement Act by maintaining accurate accounting of, and control over, various financial transactions involving the railroad retirement trust funds. This account acts as a conduit for various financial transactions, such as interfund transfers and fund transfers from the Department of the Treasury (Treasury).

#### **Interest on uncashed checks**

Section 417 of the Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to provide for the reimbursement of principal and interest for unnegotiated railroad retirement benefit checks to the extent that such reimbursements are provided for in advance in appropriation acts. Beginning in fiscal year 1991, the principal amount of uncashed railroad retirement and railroad unemployment insurance checks and checks for administrative expenses, under provisions of the Competitive Equality Banking Act of 1987, are made available by Treasury. Treasury transfers principal amounts directly to the appropriate trust fund or administrative limitation. As a result, the RRB is not required to seek prior appropriation authority for the principal amount of the uncashed check transfers. Interest on uncashed checks, however, must be appropriated in advance. This account is the vehicle through which such appropriations are made. Under current law, the RRB requests \$150,000 for estimated interest related to uncashed checks in fiscal year 2013, which shall remain available through September 30, 2014.

#### **Military service credits**

In accordance with, and pursuant to, Section 15(b) of the Railroad Retirement Act, the RRB also requests appropriations to the Federal Payments to the Railroad Retirement Accounts for reimbursement of costs (including interest, administrative expenses, and an actuarial adjustment) for crediting military service not reimbursed under the financial interchange. Both the railroad retirement system and the social security system are entitled to reimbursement for the cost of military service credits. Depending on the period during which the military service was rendered, the reimbursement may be made on either a benefit or prepaid tax basis. Reimbursement on a tax basis is accomplished by paying payroll taxes for individuals in military service. No additional reimbursement is due at retirement for military service credits reimbursed on a tax basis. Reimbursement on a benefit basis is accomplished by computing the value of retirement and survivor benefits with and without military service and requesting reimbursement based on this difference.

The Railroad Retirement Account has received full reimbursement for the tax basis periods. No reimbursements from general revenue have been received for the benefit basis periods:

- June 15, 1948, through December 15, 1950, creditable under P.L. 100-647, and
- July 1, 1963, and later.

In prior years, we have sought concurrence with our methodology for computing the reimbursable amount from the Social Security Administration (SSA), Treasury and OMB. We received responses from SSA and Treasury. SSA has concurred with our methodology while Treasury stated that they had no role in this particular process. Section 15(b) requires that these reimbursements from the general funds be authorized in advance by an appropriation act. The fiscal year 2013 appropriation request includes \$548,378,840 for applicable military service credits through December 2009, with interest through September 1, 2011. Excluded are all costs for which the RRB has already received credits.

### **Other transfers**

Appropriations are not necessary for other amounts that flow through this account to the appropriate trust fund accounts under authorizing legislation. Amounts expected to be transferred through this account in fiscal year 2013 that do not require appropriation action include \$207 million in income taxes on the social security equivalent portion of tier I benefits, and \$346 million in income taxes on tier II benefits and the non-social security equivalent portion of tier I benefits.

### **Requested appropriation**

The table on pages 9 and 10 shows the estimated budget authority and outlays for this account for fiscal years 2011 through 2021. The estimates are based on OMB's June 2011 mid-session economic assumptions. The current services level includes interest amounts on uncashed checks for all years.

**RAILROAD RETIREMENT BOARD**

**Federal Payments to the Railroad Retirement Accounts**  
**(Budget Account - 60-0113-0-1-601)**

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

	<b><u>2011</u></b> <sup>1/</sup>	<b><u>2012</u></b> <sup>1/</sup>	<b><u>2013</u></b> <sup>2/</sup> <b><u>Current</u></b> <b><u>services</u></b>
Budget authority.....	718,800	569,650	1,101,529
Outlays.....	718,800	569,650	1,101,529

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Budget authority:					
Current services.....	595,150	623,150	652,150	686,150	720,150
Outlays:					
Current services.....	595,150	623,150	652,150	686,150	720,150

<sup>1/</sup> Includes \$269,500,000 in fiscal year 2011 and \$75,500,000 in fiscal year 2012 to be transferred from the general fund of the Treasury to the Social Security Equivalent Benefit Account pursuant to section 601(e) of P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

<sup>2/</sup> Fiscal year 2013 budget authority and outlay amounts for current services include \$548,378,840 for military service credits through December 2009 with interest through September 1, 2011.

**RAILROAD RETIREMENT BOARD**

**Federal Payments to the Railroad Retirement Accounts**  
**(Budget Account - 60-0113-0-1-601)**

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

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Budget authority:			
Current services.....	752,150	785,150	817,150
Outlays:			
Current services.....	752,150	785,150	817,150

## **RAILROAD RETIREMENT BOARD**

### **Dual Benefits Payments Account** **Budget Account - 60-0111-0-1-601**

Section 15(d) of the Railroad Retirement Act provides for a Dual Benefits Payments Account which is separate from other railroad retirement accounts. The vested dual benefit portion of railroad retirement annuities is paid from this account and is funded by appropriations from general revenues.

#### **Legislative history**

Under laws in effect prior to 1975, a worker engaging in covered employment under both the Railroad Retirement Act and Social Security Act could receive benefits separately under both Acts. Because the social security benefit formula is weighted in favor of the low wage earner, the total of a worker's benefits from both systems averaged more than annuities of railroad employees who worked in the rail industry exclusively, and who had paid proportionally higher retirement taxes for the purpose of receiving higher benefits. The cost of the dual benefits was borne by the railroad retirement system since they reduced the system's income from its financial interchange with the social security system.

This situation was the major cause of the poor financial condition of the railroad retirement system in the early 1970s. In order to improve the system's financial condition, the Railroad Retirement Act of 1974 provided that the tier I component of the railroad retirement annuity be reduced by any social security benefit. This essentially integrated the two systems and eliminated the advantage of qualifying for benefits under both systems.

However, it was generally considered unfair to eliminate this advantage entirely for those already retired or close to retirement when the 1974 Act became effective. The 1974 Act, therefore, provided for a restoration of benefits which were considered vested at the end of 1974. The restored amount was known as the "vested dual benefit."

After considering various alternatives, the Congress authorized general fund appropriations to finance the cost of phasing out dual benefits. The Congress considered it unfair to impose this cost on current and future railroad employees because such employees would not be permitted to receive dual benefits upon retirement (except where vested rights were involved). Similarly, the Congress believed that it would be unfair to impose this cost on railroads because railroads had not benefited and had consistently opposed the creation and expansion of dual benefits. Financing the vested dual benefit component of railroad retirement annuities from general revenues was supported by a precedent regarding military service and by the fact that the dual benefit problem had been brought about by prior Congressional action repealing past dual benefit restrictions over the objections of the railroads.

Under the 1974 Act, appropriations had been authorized from general revenues for the phase-out costs of vested dual benefits. The amounts were to be sufficient to fund vested dual benefits on a level payment basis over the years 1976 through 2000. Because there was no provision in the law to reduce vested dual benefits to a level that would be fully covered by the amount appropriated, railroad retirement taxes were being used to cover the shortfall in the appropriation from general revenues. This led to a drain on the Railroad Retirement Account and contributed to a cash flow crisis.

To stop the resulting drain on the Railroad Retirement Account, the 1981 amendments changed vested dual benefits to a pay-as-you-go basis rather than a level-payment system. Starting in fiscal year 1982, vested dual benefits were to be reduced so as not to exceed the amount of the annual appropriation.

The Railroad Retirement Solvency Act of 1983 provided that revenues generated from income taxes on vested dual benefits be credited to the Railroad Retirement Account for fiscal years 1984 through 1988, and thereafter to the Dual Benefits Payments Account. Thus, since fiscal year 1989, these taxes have been credited to the Dual Benefits Payments Account and applied as an offset to the amount of funding needed from general revenues.

### **Requested appropriation**

The table on pages 13 and 14 identifies the estimated budget authority and outlays for the Dual Benefits Payments Account for fiscal years 2011 through 2021.

The fiscal year 2011 appropriation (P.L. 112-10) provided \$56,886,000 for the payment of vested dual benefits, representing an appropriation of \$57,000,000, less a rescission of 0.2 percent.

The estimate for fiscal year 2012 includes \$51,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve (\$1,020,000) to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available to pay benefits.

For fiscal year 2013, the RRB requests an appropriation of \$45,000,000 to pay vested dual benefits, plus a 2 percent reserve of \$900,000 to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits. An estimated \$2,000,000 in income taxes on these benefits will be credited to the Dual Benefits Payments Account.

**RAILROAD RETIREMENT BOARD**

**Dual Benefits Payments Account**  
**(Budget Account - 60-0111-0-1-601)**

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

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>		
Budget authority.....	56,890	51,001	45,001	<b><u>Current</u></b>	
				<b><u>services</u></b>	
Outlays.....	56,890	51,001	45,001		
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Budget authority:					
Current services.....	40,001	35,000	30,000	26,000	22,000
Outlays:					
Current services.....	40,001	35,000	30,000	26,000	22,000

Note: The budget estimates for this account include its share of interest on unnegotiated checks through fiscal year 2014.

The RRB paid vested dual benefits to 29,000 beneficiaries in March 2011. The agency expects to pay these benefits to 25,000 beneficiaries in March 2012, and 22,000 beneficiaries in March 2013.

**RAILROAD RETIREMENT BOARD**

**Dual Benefits Payments Account**  
**(Budget Account - 60-0111-0-1-601)**

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Budget authority:			
Current services.....	19,000	16,000	13,000
Outlays:			
Current services.....	19,000	16,000	13,000

## **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)**

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

<sup>1/</sup> Dollar amounts do not include reimbursements.

<sup>2/</sup> This level of funding is a 5 percent reduction below the fiscal year 2011 enacted appropriation.

<sup>3/</sup> 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)
<b>Total Increase/Decrease</b>	<b>5,480</b>	<b>(14,307)</b>	<b>(5,443)</b>

**RAILROAD RETIREMENT BOARD**

**Summary of Full-Time Equivalent Employment by Series a/**

<b>Series</b>	<b>Rank</b>	<b>FY 2011</b>	<b>FY 2012 <u>b/</u></b>	<b>FY 2013 Agency Request Level</b>	<b>FY 2013 OMB Guidance Level</b>	<b>FY 2013 OMB Reduced Level</b>
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 <sup>1/</sup>	FY 2012 President's Budget <sup>2/</sup>	FY 2013 Agency Request Level	FY 2013 OMB Guidance Level	FY 2013 OMB Reduced Level
Chairman	3.42	--	--	--	--
Labor	7.00	--	--	--	--
Management	5.00	--	--	--	--
<b>Subtotal, Board</b>	<b>15.42</b>	--	--	--	--
General Counsel/Law	14.01	--	--	--	--
Hearings and Appeals	11.27	--	--	--	--
Legislative Affairs	3.87	--	--	--	--
Secretary to the Board	1.91	--	--	--	--
<b>Subtotal, General Counsel</b>	<b>31.06</b>	--	--	--	--
Office of Programs	567.50	--	--	--	--
CFO/Fiscal Operations	64.25	--	--	--	--
Actuary	17.45	--	--	--	--
Office of Administration	62.47	--	--	--	--
Information Services	145.82	--	--	--	--
<b>Total</b>	<b>903.97</b>	<b>877.00</b>	<b>902.00</b>	<b>835.00</b>	<b>790.00</b>

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

<sup>2/</sup> 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)**

<b><u>Fiscal Year/Level</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>Request Level</u></b>	<b><u>2013 Guidance Level</u></b>	<b><u>Reduced Level</u></b>		
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		
<b><u>Fiscal Year</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	
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)**

<b><u>Fiscal Year/Level</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>Request Level</u></b>	<b><u>2013 Guidance Level</u></b>	<b><u>Reduced Level</u></b>		
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		
<b><u>Fiscal Year</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	
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.

# PERFORMANCE PLAN



*Fiscal Year 2013*

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**Railroad Retirement Board**

**TABLE OF CONTENTS**

Introduction ..... 37

Mission Statement ..... 38

Strategic Goal I: Provide Excellent Customer Service..... 39

    Performance Goal I-A: Pay benefits timely..... 39

    Performance Goal I-B: Provide a range of choices in service delivery methods ..... 40

Strategic Goal II: Serve as Responsible Stewards for Our Customers’ Trust Funds  
and Agency Resources..... 43

    Performance Goal II-A: Ensure that trust fund assets are protected, collected,  
    recorded, and reported appropriately ..... 43

    Performance Goal II-B: Ensure the accuracy and integrity of benefit programs ..... 43

    Performance Goal II-C: Ensure effectiveness, efficiency, and security of operations ..... 44

    Performance Goal II-D: Effectively carry out responsibilities with respect to the  
    National Railroad Retirement Investment Trust..... 47

    Information Security Program ..... 48

Exhibit 1: Initial Performance Plan - FY 2013..... 50

Exhibit 2: Objectives Dropped from the Fiscal Year 2012 Final Performance Budget ..... 56

## **Introduction**

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2013 to support our mission (see mission statement on the following page) and to communicate our intentions for meeting challenges and seeking opportunities. We will use the plan to hold managers accountable for achieving program results and to improve program effectiveness and public accountability by promoting a continued focus on results, service quality, and customer satisfaction. We will also use the plan to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality.

This plan is closely linked to our **Strategic Plan for Fiscal Years 2009 - 2014** and can be easily cross-referenced to that plan. The performance budget provides detailed performance goals, performance indicators and target levels to guide agency managers as they implement our Strategic Plan. It also communicates our plans to our stakeholders, including the railroad community, the Administration, the Congress, and other government agencies. It is one part of a comprehensive set of interlocking plans that cover all major aspects of agency operations. In this plan, we have established specific performance goals (with performance indicators and projected performance levels) to be achieved in fiscal year 2013. Additionally, it supports our other functional plans required to manage the agency. These functional plans include the **Customer Service Plan** and the **Information Technology Capital Plan**. These plans support the annual submission of the agency budget to the Office of Management and Budget (OMB) and the Congress.

The RRB's strategic and performance goals are presented in the sections following our mission statement. Information on anticipated performance in fiscal year 2013 for each performance goal, at the agency request level of \$117,719,000 and the OMB guidance level of \$103,412,000 is provided in Exhibit 1. To provide for ongoing improvement in performance and accountability, we will continue to set programmatic goals which are aggressive, realistic and accurately measured. We will also ensure that planned improvements are transparent and result in meaningful outcomes, and that agency managers are accountable for achieving performance goals.

We will also prepare and submit to the President and the Congress a report on program performance for fiscal year 2013, as part of our Performance and Accountability Report. The report will be reviewed by the RRB's Office of Inspector General (OIG) to help ensure the reliability and utility of our performance information. The reported information will be derived from agency systems and will compare the performance goals and indicators to actual program performance for the fiscal year.

This performance budget meets the requirements of the GPRA Modernization Act and was prepared by RRB employees. Exhibit 2 shows a comparison between the objectives in this plan and the objectives in our previous annual performance plan.

***RAILROAD RETIREMENT BOARD  
MISSION STATEMENT***

*The RRB's mission is to administer retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. These programs provide income protection during old age and in the event of disability, death or temporary unemployment and sickness. The RRB also administers aspects of the Medicare program and has administrative responsibilities under the Social Security Act and the Internal Revenue Code.*

*In carrying out its mission, the RRB will pay benefits to the right people, in the right amounts, in a timely manner, and will take appropriate action to safeguard our customers' trust funds. The RRB will treat every person who comes into contact with the agency with courtesy and concern, and respond to all inquiries promptly, accurately and clearly.*

**Strategic Goal I: *Provide Excellent Customer Service.*** We aim to satisfy our customers' expectations for quality service in terms of service delivery options and levels and manner of performance. At the OMB guidance level of the fiscal year 2013 budget, we plan to allocate \$81,934,000 and 671 full-time equivalent employees (FTEs) to this strategic goal; at the agency request level, we would be able to dedicate \$89,482,000 and 725 FTEs to customer service. We have established two performance goals that focus on the specifics of achieving this strategic goal.

**Performance Goal I-A: *Pay benefits timely.*** The RRB is committed to ensuring that we pay benefits in a timely manner. We have nine objectives in place to track the timeliness of the actions we take in a year regarding both Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) programs. In addition, we will:

- *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.*

Our performance in the area of benefit timeliness is a key indicator of our customer service. We track our performance against customer service standards and have found that as of mid-fiscal year 2011, customers received benefit services within the various timeframes promised for 99.3 percent of the services provided. The inset at the right shows composite results in four combined categories of services

**Overall Timeliness Performance  
Fiscal Year 2011 (through 3/31/2011)**

- Retirement applications: 96.7%  
(target: 93.6%)
- Survivor applications: 96.4%  
(target: 95.5%)
- Disability applications/payments: 82.7%  
(target: 84.3%)
- RUIA applications/claims: 99.9%  
(target: 99.8%)

**Communications with RRB customers**

In addition to making payments, we provide a variety of information to our customers. We provide general information through our website, publications, and our toll-free number. We also provide information to individuals through annual statements of wages and compensation, annuity estimates, notices of annuity and benefit awards and changes, annual income tax statements, and answers to questions regarding benefits. In addition, we use an

on-line presentation facility called *RRBVision* to provide information and training to the public and rail employers.

It is important that we provide information in a timely manner and in ways that are accessible and responsive to the individual's needs. Customer feedback through American Customer Satisfaction Index (ACSI) surveys and directly from customers helps us determine whether the information we are providing satisfies our customers' needs and expectations. In July 2010, we began a year-long ACSI survey, focusing on customers' experiences with the [.rrb.](#) website. During fiscal year 2011, based on the feedback obtained from respondents, we implemented major changes to the home page to make it easier to navigate and more visually appealing. The new home page also organizes information by audience and subject in a clear and logical manner. A new feature is the addition of a log-in box that will allow customers to access online services directly from the home page.

We are working on a second phase of improvements focusing on the secondary pages of our website which should even further enhance the level of satisfaction our customers have with the access to information and services via the RRB website. In fiscal year 2011, we will also initiate a survey of recipients of unemployment and sickness insurance benefits. We will conduct the actual survey after October 1, 2011, and we expect the final survey results to be available in December 2011.

**Performance Goal I-B: Provide a range of choices in service delivery methods.** To fulfill customers' needs, we must provide high quality, accurate services on a timely basis, and in ways that are accessible and convenient to all our customers, including the elderly and those with impairments. Consistent with our vision statement, we strive to provide a broad range of choices for customer service. Our level of performance will be measured by how well we succeed in providing the level of service our customers expect, and by the number of new electronic services we can provide in each program at a reasonable cost. Our goal is to expand customer choice by offering alternative access to our major services.

To achieve our goals in this area, we plan to:

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

In fiscal year 2009, the agency successfully implemented a national toll-free telephone service. The features include a single nationwide toll-free number, automatic distribution of customer calls, interactive voice response (IVR) functionality, an upgrade of the existing data network, and implementation of Voice over Internet Protocol (VoIP) telephone service at all RRB field offices. The toll-free number provides a single access point to claims representatives in the agency's field service offices and to IVR self-service options. In 2011, a system enhancement

was implemented which provides the ability to create “special announcement” messages in the IVR main menu. The special announcement messages address as they occur important legislative or procedural changes which are likely to generate increased numbers of RRB customer calls. Also in 2011, the RRB developed a series of customized reports of both real-time and historical call data collected from the toll-free system. These reports are currently being used to identify customer usage trends and ensure management decisions are being made which provide better overall telephone service to all RRB customers.

Phase 3 of the Employer Reporting System (ERS) will implement an Internet-based version of Forms BA-3, Annual Report of Service and Compensation and BA-11, Report of Gross Earnings. This is on schedule to be completed in fiscal year 2011. When this phase is completed, the ERS project will have consolidated a cumulative total of 20 paper forms into 17 on-line services. We also initiated Phase 4, which will automate access to the Forms ID-40 series RUIA contribution notices; the ID-6 series tax notices; and the Form G-88a.2 which transmits annuity eligibility information. This will result in three additional on-line services to rail employers. In fiscal year 2012, we will continue our development of automated processes to notify employers of errors or the need for additional information and provide a means for correcting the data. These include requests for verification of last date on the payroll (G-88a.1) and for the payment of supplemental annuities (G-88p).

**Strategic Goal II: *Serve as Responsible Stewards for Our Customers’ Trust Funds and Agency Resources.*** The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. At the OMB guidance level of the budget, we plan to allocate \$21,478,000 and 164 FTEs to this strategic goal; at the agency request level, we would be able to dedicate \$28,237,000 and 177 FTEs to stewardship. We have established four performance goals that focus on the specifics of achieving this strategic goal.

**Performance Goal II-A: *Ensure that trust fund assets are protected, collected, recorded and reported appropriately.*** The RRB is committed to prudent management of its trust funds. Our success in this objective is reflected through annual audited financial statements, actuarial valuations, financial projections, benefit payment accuracy, debt collection, experience-based contribution rates, and payroll tax and railroad employee compensation reconciliations. We also have responsibilities with regard to the National Railroad Retirement Investment Trust, which are addressed under performance goal II-D. To accomplish this commitment, we will:

- *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.*

## **Railroad Retirement Board - Fiscal Year 2013 Initial Performance Plan**

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- *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.*

In November 2010, we released our Performance and Accountability Report for fiscal year 2010. The RRB's OIG issued an unqualified ("clean") opinion on the RRB's 2010 financial statements, which were included in that report. The OIG reported material weaknesses in the RRB's information security program and internal control over non-integrated subsystems. Significant efforts are underway to strengthen controls in these areas.

**Performance Goal II-B: Ensure the accuracy and integrity of benefit programs.** The principal indicators of accuracy are the benefit payment accuracy rates in each program. Our performance goal is to ensure that we can continue to meet or exceed 99 percent payment accuracy in the payments we initiate or manually adjust in a given year. To accomplish this goal, we will:

- *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.*

Under the Improper Payments Information Act (IPIA) of 2002, and the Improper Payments Elimination and Recovery Act (IPERA) of 2010, the RRB reviews and reports on the amount of erroneous payments and engages in activities to reduce them. Since improper payment reporting began, the amounts attributable to the RRB's two benefit programs (the RRA and the RUIA) have been below the thresholds identified in the law and related guidance issued by OMB.

As part of our fiduciary responsibilities to the rail community, we must ensure that the correct benefit amounts are being paid to the right people. We match our benefit payments against the Social Security Administration's earnings and benefits database, the Centers for Medicare & Medicaid Services' death records, the Office of Personnel Management's benefit records, and State wage reports, usually via computer tapes. We also administer other benefit monitoring programs to identify and prevent erroneous payments, and refer some cases to the RRB's OIG for investigation. After investigation, the Inspector General may pursue more aggressive actions, which include civil and criminal prosecution.

Through fiscal year 2011, we measured the effectiveness of the program integrity efforts each year by comparing the dollars collected and saved through these initiatives to their cost. For example, in fiscal year 2010, the RRB invested the equivalent of about 25.05 full-time employees, at a cost of approximately \$2.56 million, in program integrity efforts. This resulted in \$12.5 million in recoveries, \$1.59 million in benefits saved, and the referral of 34 cases to the OIG for investigation. This is approximately \$5.51 in savings for each \$1.00

invested in these activities. Beginning in fiscal year 2012, we will measure the effectiveness of the program integrity efforts by comparing the dollars identified as improper payments and saved to their cost.

**Performance Goal II-C: Ensure effectiveness, efficiency and security of operations.**

How we do our business is a critical component of good stewardship. The RRB is committed to effective, efficient and secure internal operations. Many factors and programs contribute to this goal. We use our management control review process as a means of reviewing critical agency processes in order to provide reasonable assurance of the effectiveness and efficiency of our programs and operations. If material weaknesses are detected, we take corrective action. In addition, we perform a variety of quality assurance activities to ensure that our benefit programs comply with established policies, standards and procedures. We consider the findings from these reviews as we plan our information technology initiatives. To achieve our goals for efficient, effective and secure operations, we will:

- *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.*

In addition to our ongoing activities, during the planning period we will continue to emphasize key areas related to strategic management of human capital, improving program performance and accountability, data optimization and systems modernization, particularly as they relate to our succession planning activities.

***Strategic Management of Human Capital*** – Like many agencies, the RRB has an aging workforce. About 70 percent of our employees have 20 or more years of service and over 40 percent of the current workforce will be eligible for retirement by fiscal year 2013. To prepare for the expected turnover, the agency is placing increased emphasis on strategic management of human capital. Each organization has completed workforce planning documents that identify the current staffing levels, projected attrition and planned hiring in fiscal years 2011, 2012 and 2013, subject to available funding. Each executive also completed a gap analysis for his/her organization that identified potential areas of skills and knowledge gaps that will need to be addressed, identified areas where additional training may be necessary or where mentoring may be desirable to prepare employees for more senior positions, and identified areas of new skills that may need to be addressed through outside hires.

Recently, the agency has been able to utilize the re-employment of retirees to allow retirees under the Civil Service Retirement System and the Federal Employees Retirement System to be temporarily rehired without losing entitlement to their retirement annuities under Section

## **Railroad Retirement Board - Fiscal Year 2013 Initial Performance Plan**

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1122(a) of Public Law 111-84, which amended sections 8344 and 8468 of Title 5 of the United States Code. The agency has been able to rehire several annuitants on a temporary basis to assist in areas that have knowledge gaps due to attrition.

The RRB is also devoting more attention and resources to training. The agency-wide Training Council coordinates this activity, recently offering courses in the areas of performance management, and managerial and supervisory development. We also make use of technology in this area, utilizing our on-line presentation facility, *RRBVision*, which allows employees to view training, including a video component, in an online format. This is particularly useful to employees and managers in the agency's field offices.

***Improving Performance and Accountability*** –The RRB will take steps to ensure that:

- programmatic goals continue to be aggressive, realistic and accurately measured,
- program improvement plans result in meaningful outcome improvements,
- managers are accountable for achieving goals and improvement plans, and
- program performance plans and outcomes are transparent.

***Data Optimization and Systems Modernization*** – In 2009, we successfully concluded a major project to develop an optimized database and synchronize it with legacy tables. Since then, with the assistance of a contractor we conducted a data management practice assessment, which provided input to the agency's data governance planning. We have developed plans for improving the database as the legacy tables are decommissioned and applications address the new database. We have also developed plans for security access and change management. We expect to implement the security, change management and data governance plans during fiscal year 2011.

We are also continuing with Phase 1 of our Systems Modernization Project Plan. Phase I of the plan has two goals; the first is to convert all existing processing to access the master database tables instead of the legacy tables, and the second is to eliminate the legacy tables as soon as they are no longer needed. In September 2010, the Medicare Online Information (MOLI) database was converted to access the master data tables, and seven legacy tables were retired. Further enhancements to Medicare processing systems will be implemented later in the project. In addition to the conversion of the MOLI database, the System Modernization Team implemented data modeling and data stewardship programs for master data, updated naming standards, identified and standardized critical table designs, created audit columns on every master table, eliminated data synchronization and increased the use of business intelligence.

The system modernization team and the RUIA group have begun work on converting the RUIA systems to access the master database. Conversion of the RUIA systems is now targeted for completion by the end of calendar year 2011.

**Fiscal Year 2013 Information Technology Capital Plan Investments  
Agency Request Level**

Contractual services

Federal Financial System migration	\$3,562,000
IT tools and systems, Electronic records content management system	300,000
Electronic Official Personnel File	280,000
E-Government, Employer Reporting System	200,000
Network operations, Storage area network upgrade	175,000
Network operations, Desktop virtualization	100,000
Emergency business system/application restoration services	<u>50,000</u>
<b>Total, contractual services</b>	<b>\$4,667,000</b>

Equipment

Network infrastructure replacement	\$1,168,000
IT tools and systems, Web content management system	250,000
Network access control device	<u>25,000</u>
<b>Total, equipment</b>	<b>\$1,443,000</b>

**Total amount requested for IT investments,  
agency request level** **\$6,110,000**

Note: At the OMB guidance level of the budget for fiscal year 2013, funding for IT initiatives would be reduced to a total of \$1,000,000 to be used only for the highest priority requirements.

At the reduced level of the fiscal year 2013 budget, funding for IT initiatives would be reduced to \$500,000. The full amount would be used for emergency needs.

**Performance Goal II-D: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.** Although the RRB no longer has primary responsibility for the investment of the trust fund monies, it continues to have responsibilities in ensuring that the National Railroad Retirement Investment Trust (NRRIT), and its seven-member Board of Trustees, comply with the provisions of the Railroad Retirement Act. This responsibility will be fulfilled through review of the monthly, quarterly and annually submitted reports by the NRRIT, and its auditors' reports. In addition, the RRB's Board Members and General Counsel meet twice annually with the Trustees and receive detailed briefings during periodic telephone conferences.

The RRB has authority to bring civil action should it detect any violation of the Railroad Retirement Act or non-compliance with any provisions of that Act.

To facilitate coordination among the NRRIT and Federal Government organizations, the Department of the Treasury, OMB, NRRIT and RRB have entered into a voluntary memorandum of understanding concerning budgetary, accounting and financial reporting responsibilities.

### **Information Security Program**

Information security is a critical consideration for government agencies where maintaining the public's trust is essential. The RRB relies extensively on computerized systems to support its mission operations and store the sensitive information that it collects. The RRB's information security program is established and maintained to reasonably protect systems data and resources against internal failures, human errors, attacks and natural catastrophes that might cause improper disclosure, modification, destruction, or denial of services.

To ensure mission continuity, plans and procedures exist to maintain continuity of operations after a calamity for information systems that support the operations and assets of the RRB. The RRB's Continuity of Operations plan consists of a number of components, including an Occupant Emergency Plan, a Business Continuity Plan, a Crisis Communication Plan, and technically specific plans for mainframe, local area network (LAN), data communications, and desktop recovery. The agency regularly conducts semi-annual off-site disaster recovery exercises. System programmers restore the systems and applications of the agency from back-ups retrieved from an alternate data storage facility. Program libraries are re-created and production databases established. Finally, business analysts verify that the systems recovered correctly.

Federal agencies are required to provide annual computer security awareness training for employees and contractors. Security awareness efforts are designed to change behavior or reinforce good security practices by focusing attention on security. We continue to develop new approaches for refreshing the awareness initiative by providing updated and innovative presentations for the agency staff. We have a full training program that combines a security awareness presentation with additional role-based training appropriate to the RRB's information technology environment. Every employee and contractor with computer network access participates in this annual event. Individuals who do not use a computer receive physical security awareness information. In addition to the awareness presentation, computer analysts, software developers and network/system engineers also receive specialized technical education necessary to maintain their skills and enhance proficiency. The formal awareness-training program is supplemented by a weekly Security News feature story, prominently headlined on the Intranet's home page, reminding people to protect their computers and information throughout the year. Every year, the RRB awareness program has been able to report exemplary levels of participation. As of August 31, 2011, the awareness program had reached 99 percent compliance, and full FISMA compliance had been met.

Faced with an increasingly dangerous threat environment, the RRB relies on a sophisticated hardware and software defense that utilizes carefully monitored and maintained firewall technology, anti-virus software and intrusion detection systems to prevent viruses, worms, spam and malicious content from infiltrating the network, as well as to ensure that critical data and sensitive information are not compromised. To buttress these proactive threat management resources in the event of a successful malware attack, the agency has

implemented a robust incident response capability. Utilizing the capabilities of a special forensic analysis workstation, the RRB Computer Emergency Response Team has the ability to conduct forensic collection and analysis of electronic evidence from almost any type of digital media in use today. The RRB has also established an Agency Core Response Group to determine if there is a reasonable expectation that an incident may be a data breach with the potential for identity theft, and notifies the Board members who will make the final decisions regarding breach notification.

The RRB continued to strengthen its security posture by addressing access-control audit recommendations that are identified in the agency plan of actions and milestones. The RRB completed migration of all local area network (LAN)-based programs to newer computer servers with upgraded operating systems. To improve LAN security, network engineers upgraded to the latest Windows Server 2008 operating system the architecture for the Active Directory, an operating system database that controls the resources, services and functions on the network domain. Also, owners of all LAN applications re-examined access rights to ensure that only appropriate users have specific privileges. The RRB has also developed new information security policy and procedures for the security control families identified in National Institute of Standards and Technology guidance that meet the requirements for compliance with the Federal Information Security Management Act (FISMA). The policies and procedures will be submitted to the RRB's management for approval, and published for ease of reference by the end of fiscal year 2011.

The Security Authorization process is integral to the information security programs of Federal agencies. Performing the security authorization process helps provide an understanding of the risks and other factors that could adversely affect the agency's mission. In fiscal year 2011, contractual services are being utilized for the authorization of the Benefit, Payment and Operations major application, and continuous monitoring of the RRB's other systems. Achievement of authorization for all general support systems and major applications, together with the initiation of the periodic control assessment process, positions the RRB in full compliance with a major provision of FISMA.

<b>Railroad Retirement Board FY 2013 Initial Performance Plan</b>	<b>2008 Actual <sup>1/</sup> (\$100.9m)</b>	<b>2009 Actual <sup>1/</sup> (\$105.5m)</b>	<b>2010 Actual <sup>1/</sup> (\$109.1m)</b>	<b>2011 Actual <sup>1/</sup> (\$108.9m)</b>	<b>2012 President's Proposed (\$112.2m)</b>	<b>2013 Agency Request Level (\$117.7 m)</b>	<b>2013 Guidance Level (\$103.4m)</b>	<b>2013 Reduced Level (\$97.97)</b>
<p><b><i>STRATEGIC GOAL I: Provide Excellent Customer Service</i></b></p>								
<p><b>Performance Goal I-A: Pay benefits timely.</b>            Goal leader for objectives I-A-1 through I-A-8: Dorothy A. Isherwood, Director of Programs            Goal leader for objective I-A-9: Karl T. Blank, Director of Hearings and Appeals</p>								
<p>I-A-1. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 35 days of the annuity beginning date, if advanced filed.            (Measure for fiscal year 2008: % ≤ 30 adjudicative processing days. Measure starting with fiscal year 2009: % ≤ 35 days. <sup>2/</sup>)</p>	92.4%	94.86%	96.16%	96.37%	95.00%	95.0%	94.0%	93.0%
<p>I-A-2. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 60 days of the date the application was filed.            (Measure for fiscal year 2008: % ≤ 60 adjudicative processing days. Measure starting with fiscal year 2009: % ≤ 60 days. <sup>2/</sup>)</p>	96.1%	97.0%	96.9%	98.1%	96.80%	96.8%	96.0%	95.0%

<b>Railroad Retirement Board FY 2013 Initial Performance Plan</b>	<b>2008 Actual <sup>1/</sup> (\$100.9m)</b>	<b>2009 Actual <sup>1/</sup> (\$105.5m)</b>	<b>2010 Actual <sup>1/</sup> (\$109.1m)</b>	<b>2011 Actual <sup>1/</sup> (\$108.9m)</b>	<b>2012 President's Proposed (\$112.2m)</b>	<b>2013 Agency Request Level (\$117.7 m)</b>	<b>2013 Guidance Level (\$103.4m)</b>	<b>2013 Reduced Level (\$97.97)</b>
I-A-3. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor not already receiving a benefit within 60 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 days <sup>3/</sup> )	92.9%	94.4%	96.1%	95.98%	94.00%	94.0%	93.0%	92.0%
I-A-4. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor already receiving the benefits as a spouse within 30 days of the RRB's receipt of first notice of the employee's death. <sup>3/</sup> (Measure: % ≤ 30 days)	95.1%	95.4%	95.3%	95.58%	95.20%	95.2%	94.7%	94.2%
I-A-5. RRB makes a decision to pay or deny a lump sum death benefit within 60 days of the date the application was filed. <sup>3/</sup> (Measure: % ≤ 60 days)	97.0%	97.43%	98.3%	98.22%	98.00%	98.0%	97.0%	96.0%
I-A-6. RRB certifies a payment or releases a letter of denial of UI or SI benefits within 10 days of the date RRB receives the claim. (Measure: % ≤ 10 days)	99.7%	99.80%	99.9%	99.9%	99.80%	99.8%	99.5%	99.0%
I-A-7. RRB makes a decision to pay or deny a benefit for a disabled applicant or family member within 100 days of the date the application is filed. (Measure: % ≤ 100 days)	70.4%	62.5%	68.9%	64.8%	70.00%	70.0%	68.0%	67.0%

<b>Railroad Retirement Board FY 2013 Initial Performance Plan</b>	<b>2008 Actual <sup>1/</sup> (\$100.9m)</b>	<b>2009 Actual <sup>1/</sup> (\$105.5m)</b>	<b>2010 Actual <sup>1/</sup> (\$109.1m)</b>	<b>2011 Actual <sup>1/</sup> (\$108.9m)</b>	<b>2012 President's Proposed (\$112.2m)</b>	<b>2013 Agency Request Level (\$117.7 m)</b>	<b>2013 Guidance Level (\$103.4m)</b>	<b>2013 Reduced Level (\$97.97)</b>
I-A-8. RRB makes a payment to a disabled applicant within 25 days of the date of decision or earliest payment date, whichever is later. (Measure for fiscal year 2008: % ≤ 20 days. Measure for fiscal year 2009 and later: % ≤ 25 days <sup>4/</sup> )	94.8%	96.5%	96.2%	95.5%	95.00%	95.0%	94.0%	93.0%
I-A-9. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	239 (Estimated)	231 (Estimated)	252	289	250	350	450	450
<b><i>Performance Goal I-B: Provide a range of choices in service delivery methods.</i></b> Goal leader: Dorothy A. Isherwood, Director of Programs								
I-B-1. Offer electronic options to our customers, allowing them alternative ways to perform primary services via the Internet or interactive voice response systems. (Measure: Number of services available through electronic media)	17 services available	18 services available	18 services available	19 services available	19 services available <sup>5/</sup>	19 services available	19 services available	19 services available
I-B-2. Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act. (Measures: percentage of employers who use the on-line Employer Reporting System (ERS); number of services available through electronic media)	Employers using ERS:	69.0%	77.0%	81.2%	82%	80.00%	80.0%	80.0%
	Internet services:	8 Internet services available	10 Internet services available	10 Internet services available	10 Internet services available	23 Internet services available	23 Internet services available	23 Internet services available

<b>Railroad Retirement Board FY 2013 Initial Performance Plan</b>	<b>2008 Actual <sup>1/</sup> (\$100.9m)</b>	<b>2009 Actual <sup>1/</sup> (\$105.5m)</b>	<b>2010 Actual <sup>1/</sup> (\$109.1m)</b>	<b>2011 Actual <sup>1/</sup> (\$108.9m)</b>	<b>2012 President's Proposed (\$112.2m)</b>	<b>2013 Agency Request Level (\$117.7 m)</b>	<b>2013 Guidance Level (\$103.4m)</b>	<b>2013 Reduced Level (\$97.97)</b>	
<b><i>STRATEGIC GOAL II: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources</i></b>									
<b><i>Performance Goal II-A: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately.</i></b> Goal leader: George V. Govan, Chief Financial Officer									
II-A-1. Debts will be collected through billing, offset, reclamation, referral to outside collection programs, and a variety of other collection efforts. (Measure for fiscal years 2008 - 2011: funds collected vs. total debts outstanding. Measure for fiscal years 2012 and following: total overpayments recovered in the fiscal year / total overpayments established in the fiscal year.)	58%	56%	59%	39%	85%	85%	85%	85%	
<b><i>Performance Goal II-B: Ensure the accuracy and integrity of benefit programs.</i></b> Goal leader: Dorothy A. Isherwood, Director of Programs									
II-B-1. Achieve a railroad retirement benefit payment recurring accuracy rate of at least 99%. (Measure: percent accuracy rate)	Initial payments:	99.75%	99.59%	99.58%	Not available	99.75%	99.75%	99.50%	99.50%
	Sample post recurring payments:	99.97%	100%	Deferred <sup>6/</sup>	Deferred <sup>6/</sup>	99.75%	99.75%	99.75%	Deferred

<b>Railroad Retirement Board FY 2013 Initial Performance Plan</b>	<b>2008 Actual <sup>1/</sup> (\$100.9m)</b>	<b>2009 Actual <sup>1/</sup> (\$105.5m)</b>	<b>2010 Actual <sup>1/</sup> (\$109.1m)</b>	<b>2011 Actual <sup>1/</sup> (\$108.9m)</b>	<b>2012 President's Proposed (\$112.2m)</b>	<b>2013 Agency Request Level (\$117.7 m)</b>	<b>2013 Guidance Level (\$103.4m)</b>	<b>2013 Reduced Level (\$97.97)</b>	
II-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate of at least 99%. (Measure: percent accuracy rate)	Unemployment:	99.71%	98.93%	100%	100% (through 3/31/11)	99.60%	99.6%	99.5%	99.4%
	Sickness:	99.89%	99.70%	99.94%	99.45% (through 3/31/11)	99.85%	99.85%	99.70%	99.6%
II-B-3. Maintain the level of Railroad Retirement Act (RRA) improper payments below 2.5% of RRA outlays. (Measure: percent of improper RRA payments as reported for IPIA)	New indicator for fiscal year 2012	New indicator for fiscal year 2012	New indicator for fiscal year 2012	New indicator for fiscal year 2012	0.64%	0.64%	0.64%	0.64%	
II-B-4. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure for fiscal years 2008 - 2011: recoveries and savings per dollar spent. Measure for fiscal years 2012 and following: recoverables and savings per dollar spent.)	\$3.97: \$1.00	\$4.20: \$1.00	\$5.51: \$1.00	Not available	\$4.28: \$1.00 <sup>2/</sup>	\$4.28: \$1.00	\$4.28: \$1.00	\$3.60: \$1.00	
<b>Performance Goal II-C: Ensure effectiveness, efficiency, and security of operations.</b> Goal leader: Terri S. Morgan, Chief Information Officer									
II-C-1. Complete modernization of RRB processing systems in accordance with long-range planning goals. (Measure: Meet target dates for the project. Yes/No)	New indicator for fiscal year 2009	Yes. The project was in the analysis and planning phase and on schedule as anticipated.	Yes. The Medicare database was converted on 9/26/10.	Yes. We expect to finish the RUIA database conversion by 12/31/11.	Yes. The target date for the RUIA conversion is 12/31/11. After the RUIA system is converted, work will begin on the Employment Data Maintenance database.	Yes. The target date for the EDM database conversion is 12/31/12.	Yes. The target date for the EDM database conversion is 12/31/12.	Yes. The target date for the EDM database conversion is 12/31/12.	

Railroad Retirement Board FY 2013 Initial Performance Plan	2008 Actual <sup>1/</sup> (\$100.9m)	2009 Actual <sup>1/</sup> (\$105.5m)	2010 Actual <sup>1/</sup> (\$109.1m)	2011 Actual <sup>1/</sup> (\$108.9m)	2012 President's Proposed (\$112.2m)	2013 Agency Request Level (\$117.7 m)	2013 Guidance Level (\$103.4m)	2013 Reduced Level (\$97.97)
<b>Performance Goal II-D: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.</b> Goal leader: Steven A. Bartholow, General Counsel								
II-D-1. Timely review information reported by the National Railroad Retirement Investment Trust to carry out RRB's oversight responsibility under section 15(j)(5)(F) of the Railroad Retirement Act. Reports are to be reviewed within 30 days of receipt. (Measure: Yes/No)	New indicator for fiscal year 2012	Yes	Yes	Yes	Yes			

- <sup>1/</sup> Dollar amounts shown are funds appropriated for the fiscal year. Actual results for 2011 represent status as of March 31, 2011, unless otherwise noted.
- <sup>2/</sup> In audit report 05-05, dated May 17, 2005, RRB's OIG found problems with the performance data for these indicators. One significant problem was resolved immediately, allowing us to report performance for 2005 and later. However, there were still some system limitations that prevented inclusion of all internal processing time in the performance data. Another program error caused a small number (less than 1 percent) of spouse applications to be calculated incorrectly. Effective October 1, 2008, these system problems were corrected. As a result of these system changes, beginning in fiscal year 2009, we measure timeliness by *calendar days* rather than *adjudicative processing days* as in previous years.
- <sup>3/</sup> This objective was restated as of April 2009, to more accurately describe how timeliness is measured. For objective I-A-5, the term "railroad retirement death benefit" was changed to "lump sum death benefit" to correspond with references to this benefit in the RRB's regulations.
- <sup>4/</sup> This indicator includes both employee and survivor disability payments. For fiscal year 2008, the objective was stated as follows: "Disabled applicant receives payment within 25 days of decision or earliest payment date (whichever is sooner)." Performance for fiscal year 2008 was measured according to the percentage of payments released within 20 days, assuming 5 days for delivery to the beneficiary.
- <sup>5/</sup> This target has been adjusted from 20 services in the Fiscal Year 2012 Final Performance Budget. As of fiscal year 2011, we offer a variety of 19 electronic service options to our beneficiaries. Although we have plans to develop additional electronic service options in the future, these plans are currently on hold due to higher priority automation activities. At this time, we are working with other benefit payment agencies to determine best practices for on-line authentication and security and will reestablish new objectives for this area in the future.

- 6/ The quality review of post recurring payments has been deferred since fiscal year 2010 because the accuracy rates have historically been very high, and the findings minimal. The return on measuring this area every year has diminished over time. Review was deferred again in fiscal year 2011 to allow staff to complete work on a special quality assurance case review started in fiscal year 2010.
- 7/ This target has been adjusted from \$5.48: \$1.00 at the agency request level in the Fiscal Year 2012 Final Performance Budget. In November 2010, we discovered that not all program integrity cost information was being used to compile the program integrity ratio – most significantly, the cost of a major monitoring activity was not being captured, even though the benefits of that process were included. As a result, we recomputed the program integrity ratio for fiscal years 2008 and 2009 using the updated cost amounts. We have now completed an extensive program integrity review, and found that the goal was overstated. Based on our review of the process used to determine performance for this indicator, we are changing the fiscal year 2012 target to a more realistic ratio.

**Objectives Dropped from the Fiscal Year 2011 Annual Performance Budget**

<b>Indicator <sup>1/</sup></b>	<b>Reason</b>
I-A-3a. Achieve a railroad retirement initial case accuracy Initial cases of at least 94%. (Measure: % of case accuracy)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-3b. Achieve a railroad retirement post case accuracy rate of at least 94%. (Measure: % of case accuracy)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-4a. Achieve a railroad unemployment insurance case accuracy rate of at least 98%. (Measure: % of case accuracy)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-4b. Achieve a railroad sickness insurance case accuracy rate of at least 98%. (Measure: % of case accuracy)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-10. RRB releases a UI claim form or letter of denial within 10 days of receiving an application for unemployment benefits. (Measure: % ≤ 10 days)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-11. RRB releases an SI claim form or letter of denial within 10 days of receiving an application for sickness insurance benefits. (Measure: % ≤ 10 days)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-16. Achieve quality and accuracy of correspondence, publications and voice communications. (Measure for fiscal year 2010 and later: number of valid challenges to published data)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-17. Improve timeliness and efficiency in posting service and compensation data to agency records. (Measure for fiscal year 2010 and later: % of service and compensation records posted by May 1)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-18. Improve accuracy in posting service and compensation data to agency records. (Measure: % of service and compensation records posted accurately)	Data will continue to be tracked internally but will no longer be published in the APB.
I-A-19. Covered employer annual reports of employees filed electronically, or on magnetic media. (Measure: % of employee records filed electronically, or on magnetic media)	Data will continue to be tracked internally but will no longer be published in the APB.
II-A-2. Release quarterly and annual notices accurately and timely to employers regarding their experience rating-based contributions. (Measure: Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.

**Objectives Dropped from the Fiscal Year 2011 Annual Performance Budget**

<b>Indicator <sup>1/</sup></b>	<b>Reason</b>
II-A-3. Complete compensation reconciliations at least 1 year before the statute of limitations expires. (Compensation reconciliations involve a comparison of compensation reported by railroad employers to the RRB for benefit calculation purposes with compensation reported to the IRS for tax purposes.) (Measure: % completed)	Data will continue to be tracked internally but will no longer be published in the APB.
II-A-4. Perform monthly reasonableness tests comparing railroad retirement taxes deposited electronically, which represent over 99 percent of all railroad retirement taxes, against tax receipts transferred to the RRB trust funds by the Department of the Treasury (Treasury) to provide reasonable assurance the RRB trust funds are receiving appropriate tax funds. (Measure: reasonableness test performed and anomalies reconciled with Treasury. Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-A-5. Prepare annual Performance and Accountability Reports (including audited financial statements and other financial and performance reports) by the required due dates. (Measure: Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-A-6. Take prompt corrective action on audit recommendations. (Measure: % of audit recommendations implemented by target date)	Data will continue to be tracked internally but will no longer be published in the APB.
II-C-1. Continue succession planning by ensuring there is a cadre of highly skilled employees available for key positions. (Measure: structured succession planning activities are continuing. Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-C-2. Annually assess/update all computer security, disaster recovery, and business resumption plans for the agency. (Measure: Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-C-3. Maintain an incident response program for responding to and reporting computer security incidents. (Measure: All cyber security incidents will be reported to US-CERT. Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-C-4. Assess computer security training requirements and implement an ongoing training program for agency staff. (Measure: Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-C-6. Assemble and publicize an annual inventory of RRB commercial activities on the RRB Website. (Measure: Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.

**Objectives Dropped from the Fiscal Year 2011 Annual Performance Budget**

<b>Indicator <sup>1/</sup></b>	<b>Reason</b>
II-C-7. Meet government percentage goal for use of performance-based contracting techniques for eligible service contract funds. (Measure: Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-C-8. Support government-wide procurement of E-Government initiatives using the point of entry vehicle of <a href="#">.FedBizOpps.</a> for all eligible actions. (Measure: Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-C-12. Complete 16 corrective actions to correct the RRB’s material weakness related to information security. (Measure: Meet target dates for the project. Yes/No)	Data will continue to be tracked internally but will no longer be published in the APB.
II-D-1. Review monthly reports submitted by the Trust. (Measure: Yes/No)	Consolidated with II-D-2 and 3 into a single new indicator.
II-D-2. Review annual management reports submitted by the Trust. (Measure: Yes/No)	Consolidated with II-D-1 and 3 into a single new indicator.
II-D-3. Review annual audit reports of the Trust’s financial statements. (Measure: Yes/No)	Consolidated with II-D-1 and 2 into a single new indicator.

<sup>1/</sup> Indicator numbers correspond to the Fiscal Year 2011 Annual Performance Budget.

## **RAILROAD RETIREMENT BOARD**

### **Information Technology Initiatives for Fiscal Year 2013**

#### **Introduction**

The Railroad Retirement Board actively pursues the continued automation and modernization of its various processing systems to support its mission to administer retirement/survivor and unemployment/sickness insurance benefit programs for railway workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Automation initiatives in recent years have significantly improved operations while allowing the agency to reduce staffing in certain areas.

The Federal CIO's "25 Point Implementation Plan to Reform Federal Information Technology Management" puts heavy emphasis on IT operational efficiency and effective management of IT programs. Ongoing and planned projects will further increase and enhance the efficiency and effectiveness of our benefit payments and program administration. Drivers for all of the IT initiatives are the principles identified in the agency's Information Resources Management Strategic Plan and Enterprise Architecture.

Descriptions of key capital initiatives for fiscal year 2013 are below. These address the IT Infrastructure, IT Project Management and Cyber Security initiatives following Office of Management and Budget Memorandum M-10-19, *Fiscal Year 2012 Budget Guidance*.

#### **Application Development Services**

These investments represent innovation-intense technology initiatives for long-term cost savings, e.g. automate manual work, improve operations, etc.

##### **FFS Conversion (\$3,562,000)**

OMB Circular A-127 prescribes policies and standards for executive departments and agencies to follow when managing their financial management systems. The circular defines requirements to adopt standard financial business practices. Small agencies are particularly encouraged to use cross-servicing to meet fundamental core financial and payroll/personnel processing and reporting requirements.

The RRB's legacy financial management system, Federal Financial System (FFS), reached its end of life cycle in fiscal year 2003. While the FFS continues to meet the financial processing and reporting requirements of the RRB, conversion to a shared service provider hosted solution follows OMB Circular A-127 guidance while removing the risk associated with dependence on a system that has reached its end of life cycle.

Advantages of a conversion include compliance with the business processes established by the Financial Systems Integration Office (FSIO), improved end-user reporting capabilities, a user-friendly interface, and the transfer of daily system operations to an outside service provider. The transfer of system operations relieves

## **RAILROAD RETIREMENT BOARD**

### **Information Technology Initiatives for Fiscal Year 2013**

the agency of activities such as supporting the financial management system application upgrades, configurations, maintenance and modifications.

#### **Enterprise Human Resources Integration (\$280,000)**

Enterprise Human Resources Integration (EHRI) is one of five Office of Personnel Management (OPM) led e-Government initiatives along with e-Clearance, e-Payroll, e-Training, and Recruitment One-Stop designed to leverage the benefits of information technology. OPM, working with the Office of Management and Budget, has advised agencies that they need to convert the Official Personnel Folders of their employees to an electronic format by December 2013. The electronic Official Personnel Folder (eOPF) is the solution that OPM has chosen for the Federal government.

#### **E-Government (\$200,000)**

Initiatives in this category provide electronic services to the public, as outlined in the Government Paperwork Elimination Act of 1998, and other Federal directives/mandates. They also achieve our strategic objective of providing our customers with more flexible service delivery options. In 2013, we will continue to use contractor assistance to supplement agency resources on the multi-year, multi-stage Employer Reporting System (ERS) initiative. The focus will be on delivering seven reporting services and replacing several post-reporting requests for information from employers. We also plan to provide automated access to Railroad Unemployment Insurance Act contribution and tax notices resulting in two additional services.

#### **Web Content Management System (\$250,000)**

We plan to obtain and migrate to a content management-based web hosted service to manage the agency's website, [.rrb.](#). This solution is in alignment with the Administration's "Cloud First" strategy. A web content management (WCM) system is an Internet-based content management system designed to simplify the publication of web content to websites and mobile devices, allowing content creators to submit content without requiring technical knowledge of HTML or the uploading of files. A WCM platform empowers existing staff without needing to retain and/or retrain specialized skills. The WCM would replace the agency's use of a no longer supported web publishing tool to manage administration and publishing tasks on its website.

#### **Electronic Records Content Management System (\$300,000)**

When complete, the Electronic Records Management System will identify, maintain, classify and dispose of RRB electronic records, including E-mail, according to specified records disposition policies. The initiative is a multi-year effort consisting of consultative guidance, the installation of software, hardware, training, and associated policies and procedures that will enable the RRB to manage its records electronically.

## RAILROAD RETIREMENT BOARD

### Information Technology Initiatives for Fiscal Year 2013

#### Cyber Security

The agency retains primary responsibility for securing and defending its own network and critical information infrastructure from cyber attacks. The RRB's risk management and privacy strategy is to make attacks ineffective through prevention and detect successful attacks by enabling surveillance. This strategy is accomplished through the complementary use of technology and well-trained personnel, and by following various information security best practice federal laws and mandates, e.g. FISMA, HSPD-12, FDCC, etc. While executing this strategy, the RRB also takes the protection of privacy and civil liberties seriously.

##### Network Access Control device (\$25,000)

For fiscal year 2013 we plan to acquire a new Network Access Control (NAC) device. This is necessary due to the current NAC's end of service life. The NAC device provides the RRB a centrally managed security device that defines security policies to assist in identifying and isolating all non-compliant, compromised, or mis-configured computers accessing the RRB network.

#### IT Infrastructure

Information technology infrastructure investments are required to establish a firm foundation for the technology advances we have planned in accordance with the agency's Information Resources Management Strategic Plan and target enterprise architecture, and to maintain our operational readiness. The specific investments in fiscal year 2013 include:

##### Storage Area Network Upgrade (\$175,000)

As of fiscal year 2011, following its own established strategy and that of the Administration's Federal Data Center Consolidation Initiative to reduce the overall energy use within government data centers, the agency virtualized 43 percent of its data center servers. At the current pace we anticipate 60 percent of the agency's servers will be virtualized by the end of fiscal year 2013. The agency's storage area network (SAN) provides the storage for its virtual server environment. It is also used for backup and archival storage. The agency plans to enhance the current SAN system by adding additional storage and obtaining services and tools to ensure current storage is optimized.

##### Desktop Virtualization (\$100,000)

The goal of this initiative is to build a small proof of concept desktop virtualization pilot project and seek technical expertise for planning enterprise-wide adoption if the proof of concept proves cost effective for the agency. The main attractions to desktop virtualization technology is ease in migrating and upgrading operating systems and applications with less downtime, eliminating the need to recode, retest and recertify applications, and maximizing the agency's usage of existing desktop assets.

## **RAILROAD RETIREMENT BOARD**

### **Information Technology Initiatives for Fiscal Year 2013**

#### *Infrastructure Replacement (\$1,168,000)*

The RRB's utilization of IT equipment has increased considerably in support of its mission to administer retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. This item provides funding for the continued upgrading and scheduled replacement of the agency's IT infrastructure equipment and related software. The upgrades and replacements follow the RRB's *IT Equipment Replacement Policy* for modernizing and securing the agency's computer operations.

#### *Emergency Business System/Application Restoration Services (\$50,000)*

This non-capital element allows the agency to quickly and efficiently purchase IT services for computer programming, hardware, software, and other IT-related services. Specifically, funds will be used for expert IT professional services necessary in the event of resources availability shortages and restoration time constraints to facilitate the continuity of operations in an emergency situation.

### **IT Project Management**

The Clinger-Cohen Act provides direction in the way Federal agencies must acquire and manage information technology (IT). The Act expands upon the requirement, initially introduced by the Government Performance and Results Act (GPRA), that agency IT investments be directly linked to, and supportive of, program objectives. In support of this Act, the RRB has established an IT decision-making process for formulating IT policy, capital investments and information resource management.

The Executive Committee (EC) is the top-level panel of RRB agency executives designated by the Board. The EC has broad responsibilities for addressing the agency's overall policy and management issues, including ensuring that IT investments result in substantial benefit to the RRB and its customers. The Chief Information Officer (CIO) has agency-wide information resource management responsibilities and is responsible for establishing an IT investment process for selecting, controlling, and evaluating IT investments. The CIO oversees and manages all automated information processing activities of the agency and ensures, based on input from the Information Technology Steering Committee (ITSC) and affected bureaus/offices, that resources are being used effectively among programmatic areas to carry out the agency's business priorities. All projects undergo detailed evaluation as part of each budget years' process. The agency does not have any high risk IT projects.

**RAILROAD RETIREMENT BOARD**  
**Information Technology (IT) Capital Plan**  
**FY 2011 - 2016**

<b>Capital Element</b>	<b>FY 2011 <sup>a/</sup></b>	<b>FY 2012 <sup>b/</sup></b>	<b>FY 2013 <sup>c/</sup></b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>TOTAL</b>
1. Mainframe	\$0	\$0	\$0	\$520,000	\$0	\$0	<b>\$520,000</b>
2. Network operations	483,474	14,000	275,000	250,000	250,000	250,000	<b>\$1,522,474</b>
3. Infrastructure replacement	152,114	392,000	1,168,000	550,000	780,000	400,000	<b>\$3,442,114</b>
4. IT tools and systems	8,600	0	550,000	350,000	300,000	200,000	<b>\$1,408,600</b>
5. E-Government	415,070	200,000	200,000	200,000	200,000	200,000	<b>\$1,415,070</b>
6. Risk management and privacy	135,000	254,000	25,000	200,000	200,000	200,000	<b>\$1,014,000</b>
7. System modernization	100,000	500,000	0	150,000	150,000	150,000	<b>\$1,050,000</b>
8. Enterprise Human Resources Integration	0	0	280,000	0	0	0	<b>\$280,000</b>
9. FFS migration to shared service provider	0	0	3,562,000	0	0	0	<b>\$3,562,000</b>
10. Continuity of operations improvements	0	400,000	0	100,000	100,000	100,000	<b>\$700,000</b>
<b>Non-Capital Plan Element</b>							
11. IT task orders	0	50,000	50,000	50,000	50,000	50,000	<b>\$250,000</b>
<b>TOTAL</b>	<b>\$1,294,258</b>	<b>\$1,810,000</b>	<b>\$6,110,000</b>	<b>\$2,370,000</b>	<b>\$2,030,000</b>	<b>\$1,550,000</b>	<b>\$15,164,258</b>

a/ Amounts reflect budgeted funding as of September 12, 2011.

b/ Amounts reflect funding at the passback amount for fiscal year 2012 budget.

c/ Amounts reflect funding at the agency request level. At the OMB guidance and reduced budget levels, total funding for IT investments would be limited to \$1 million and \$500,000, respectively. These amounts would be used for only the highest priority immediate needs to be determined at the time.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**1. Capital Element: *Mainframe***

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$0	\$0	\$0	\$520,000	\$0	\$0	\$520,000

**Agency Strategy and Benefits:** The mainframe computer system has a vital role as the hub of the agency’s enterprise infrastructure, running mission-critical applications and databases.

The agency relies on the mainframe to:

- Perform large-scale transaction processing.
- Support a large number of users and application programs concurrently accessing numerous resources.
- Manage large volumes of information in databases.
- Handle large-bandwidth communication.

The agency’s current mainframe computer is an IBM z9 based platform put in operation in 2008. The need to change the mainframe hardware is measured by the needed capacity and hardware life cycle.

Each year, there is a greater reliance on technology to save FTEs and gain operational efficiencies. The agency continues to explore and implement new opportunities to automate more of its business processes. However, with increases in automation come increases in computer processor usage/need. Our strategy is to handle capacity growth with capacity upgrades within the system first, if possible, before upgrading to a new generation of hardware. There can be significant one-time third-party software costs associated with an upgrade in capacity.

Mainframe computers, like other server platforms, need periodic replacement. The RRB uses an IBM mainframe, which has a longer useful life other available platforms. The agency uses ten critical decision factors in determining when to replace the mainframe computer and upgrade to the next generation. These decision factors fall into the following four major categories: availability of support, functionality, pricing incentives, and stability of workload. The most critical decision factors are those that involve support issues and pricing.

*Fiscal year 2013*

There are no plans for changes to the mainframe system in this fiscal year. However, IBM’s business practices may change this position and it may become necessary to accelerate the migration to a new generation of IBM mainframe into fiscal year 2013.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

<b>Benefits of mainframe replacement/upgrade</b>
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| <ul style="list-style-type: none"><li>• Utilization of more efficient and advanced technology, resulting in increased productivity levels and service to the public.</li><li>• Proactive replacement of equipment mitigates the risk associated with system downtime.</li><li>• Improve capability to process a variety of job types simultaneously at very high utilizations.</li></ul> |
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<b>Risks of delay</b>
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| <ul style="list-style-type: none"><li>• Delays in paying retirement/survivor and unemployment/sickness insurance benefits.</li><li>• Productivity decreases, downtime or the total equipment failure.</li><li>• Workload processing inefficiencies.</li></ul> |
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*Fiscal years 2014 – 2016*

A new generation of IBM mainframe is typically introduced about every two and half years. By the 2014-2016 timeframe the agency mainframe will be more than two generations old. Operating system support, Architectural Level Sets (ALSs), and withdrawal marketing and support dates are key factors in determining the maximum amount of time the current generation can remain in use. In addition, maintaining the z9 based mainframe may not be optimal from a total cost of ownership perspective as new options become available.

Accordingly, we are planning for an upgrade of the mainframe. The budget climate will determine if the upgrade will occur in fiscal year 2014 or later years. The associated costs for this project include the mainframe computer (\$520,000) and the installation and configuration services to switch out the existing mainframe and install the new device. There also will be software costs as a result of the changeover.

*Note:* For fiscal year 2011, the agency had planned to increase the processing capacity of the current mainframe's central processor unit, based on millions of instructions per second (MIPS) capacity growth rate each year. The increase in MIPS would have resulted in an additional cost of \$825,000 for third party software agreements (IBM, Compuware, Computer Associates, etc.), and increased first year maintenance costs. Due to fiscal year budgetary constraints and enacting other computer process efficiencies, the MIPS capacity increase was deferred.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
 FY 2011 - 2016

**2. Capital Element: Network Operations**

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$483,474	\$14,000	\$275,000	\$250,000	\$250,000	\$250,000	\$1,522,474

**Agency Strategy and Benefits:** The RRB strives to provide the most resourceful and efficient computing environment to fulfill the agency mission and goals. This environment is supported by a strong network of connections and equipment which facilitates computer processing at headquarters and links the many field office systems.

It is fundamentally important that a reliable network infrastructure be in place to minimize any chance of disruption. The heart of the RRB’s network is a data center that runs the applications that handle core business and operational data. This capital item supports planned improvement projects for the agency’s servers and associated components, such as telecommunications and storage systems, software, backup power supplies, data communications connections, and environmental controls (e.g. air conditioning, fire suppression). This item also includes contractual assistance and augmentation of RRB mainframe and network staff to accomplish the initiatives.

*Fiscal year 2013*

Storage Area Network Upgrade.....	\$175,000
Desktop Virtualization.....	100,000
	<u>\$275,000</u>

Storage Area Network Upgrade

As of fiscal year 2011, the RRB had virtualized 43 percent of its data center servers following its own established strategy and that of the Administration’s Federal Data Center Consolidation Initiative. At the current pace we anticipate 60 percent of the agency’s servers will be virtualized by the end of fiscal year 2013. The agency’s storage area network (SAN) provides the storage for virtual servers and is used for backup and archival storage.

Before server virtualization, most applications resided on dedicated server hardware and storage. Server virtualization enables the sharing of resources within the server domain, however, it does not solve or alleviate the need for increased storage capacity or solve performance contention problems within the storage subsystem. The space capacity requirements and dependency on the SAN grows as the RRB continues to employ virtualization technology. The agency’s SAN infrastructure optimization strategy addresses business needs with consideration to workload characteristics and adherence to service level agreements and efficiency standards. Practical implementation of a highly available, scalable and flexible storage infrastructure requires a periodic review of storage requirements. As a result of these reviews, the RRB plans to enhance the current SAN system in fiscal year 2013. Planned enhancements include adding 160 terabytes of

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

additional storage and obtaining services and tools to ensure the current storage is optimized and managed efficiently.

<b>Benefits of storage area network upgrade</b>
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| <ul style="list-style-type: none"><li>• Continued service to the user community and the agency's customers.</li><li>• Improved manageability by pooling previously distributed storage assets.</li><li>• Increased overall operational efficiency, improved asset utilization, and accelerated business processes.</li><li>• Proactive replacement of equipment mitigates the risk associated with network, server, and system downtime.</li></ul> |
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<b>Risks of delay</b>
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| <ul style="list-style-type: none"><li>• Decreases in productivity due to downtime or equipment failure.</li><li>• Inability to meet capacity and performance needs resulting from rapidly changing requirements, such as the growth in customer service applications.</li><li>• Potential service disruptions.</li><li>• Reduced ability to resume business in the event of a disaster.</li></ul> |
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Desktop Virtualization

The methods in which enterprises can deliver computing environments and applications to users have expanded significantly. Desktop virtualization provides users with a consistent, secure and personalized experience regardless of their location. It also facilitates a common standard desktop across the organization. This sort of system has many benefits that improve the speed of desktop deployment and disaster recovery and reduce operating costs. Specifically, the agency will be able to migrate and upgrade operating systems and applications with less downtime, eliminate duplicative processes (such as recoding, retesting, and recertifying applications), and maximize the agency's usage of existing desktop assets.

Hosted virtual desktops provide a mechanism for centralizing client desktop computers without the need to re-engineer applications for centralized execution. The cost for desktop virtualization includes three essential components: server virtualization software, brokering/session management software, and tools for managing the provisioning of virtual desktops.

Current plans are to complete a virtualization pilot in the first quarter of fiscal year 2013 for a select number of employees at headquarters and in the field offices. If the pilot project is successful, the infrastructure build will follow in fiscal year 2014.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

<b>Benefits of desktop virtualization</b>
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| <ul style="list-style-type: none"><li>• Reduced overhead through centralized activities.</li><li>• Ability to manage and maintain physical and virtual assets from a centralized location.</li><li>• Improved desktop deployment processes.</li><li>• Improved business continuity and disaster recovery.</li></ul> |
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<b>Risks of delay</b>
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| <ul style="list-style-type: none"><li>• Increased downtime for maintenance at individual stations.</li><li>• Less efficient resolutions by technicians dispatched to end-user locations.</li><li>• Departmental interruption in cases of variations among workstations.</li></ul> |
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*Fiscal years 2014 – 2016*

The projects will focus on modernizing the agency's network to make it simpler, less costly to manage, and more responsive to changing government and technology events.

*Note:* Cyclical replacement of IT hardware is included in Capital Element 3, Infrastructure Replacement. Funding for periodic upgrade and/or replacement of the mainframe computer is included in Capital Element 1, Mainframe.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
 FY 2011 - 2016

**3. Capital Element: *Infrastructure Replacement***

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$152,114	\$392,000	\$1,168,000	\$550,000	\$780,000	\$400,000	\$3,442,114

**Agency Strategy and Benefits:** Information technology infrastructure provides a critical foundation for the RRB’s mission and business processes. Desktops, notebooks, servers, printers, routers, and scanners (among other significant components) are all examples of IT equipment that encompasses the agency’s general IT infrastructure. The direct cost of maintaining matured technology and staff to support it can be very high, but there are also large indirect costs as well, including lost end-user productivity and downtime. These combined costs often make it more expensive to service existing infrastructure than to replace or upgrade it to newer, more-efficient alternatives.

A principle advantage of a scheduled replacement plan is the predictability and stability of the annual budget, which aids in long-term fiscal planning. By making acquisition a consistent and recurring event, the agency realizes two benefits: purchasing larger quantities decreases the average cost per asset and purchasing in a consistent manner standardizes hardware and software among the employees. A standardized and uniform IT environment not only provides acquisition savings but also provides savings from a support and repair perspective. Leveraging modern technology allows the RRB to maintain and improve upon its history of excellent customer service.

The agency’s long-term goal is to systematically replace all IT components according to industry standards in order to provide a stable technology environment. The infrastructure replacement capital item dedicates funds for the purpose of financing replacement of core IT infrastructure at its headquarters and field offices according to the agency’s *IT Equipment Replacement Policy*. Core IT infrastructure elements identified in the policy include:

- Notebook computers
- Monitors
- Personal desktop computers (not including monitors)
- Printers
- Routers/switches
- Peripheral equipment, e.g. card readers for personal identification verification cards and personal digital assistants (PDA’s)
- Scanners
- Network Servers

**RAILROAD RETIREMENT BOARD**  
**Information Technology (IT) Capital Plan**  
**FY 2011 - 2016**

*Fiscal year 2013*

Laptops .....	\$131,200
Monitors.....	175,600
Personal Desktop Computers.....	571,200
Printers.....	20,000
Routers/Switches.....	210,000
Servers.....	60,000
	<u>\$1,168,000</u>

In fiscal years 2013 and 2014, a significant portion of this capital element provides for the replacement of laptop and personal desktop computers throughout the agency. The RRB desktop virtualization pilot (Capital Element 2, Network Operations), planned for the first quarter of fiscal year 2013, will determine if a full rollout of desktop virtualization is feasible. If it is not, replacement of the workstations will be necessary in the fourth quarter.

<b>Benefits of scheduled infrastructure replacement</b>
<ul style="list-style-type: none"> <li>• More efficient technology that is more robust and less error prone, results in increased productivity levels and service to constituents.</li> <li>• Reduces risk associated with network, server, and system downtime.</li> <li>• Budgetary predictability and consistency.</li> <li>• Reduces staffing costs for maintenance of inconsistent assets.</li> <li>• Less dependency on IT support services.</li> <li>• Reduced time and costs of deploying and maintaining systems.</li> <li>• Reduced departmental disruption due to standardization of equipment.</li> </ul>

<b>Risks of delay</b>
<ul style="list-style-type: none"> <li>• Potential delays in providing benefits to customers in the event of IT problems or failures.</li> <li>• Reduced productivity due to downtime or systems issues.</li> <li>• Less predictability in future IT funding needs.</li> <li>• Inefficient assignment of staff to address the maintenance of older assets and inconsistencies within the IT environment.</li> <li>• Sustained reliance on IT support resources for the deployment and maintenance of the IT infrastructure.</li> <li>• Departmental interruption in cases of variations among equipment.</li> </ul>

**RAILROAD RETIREMENT BOARD**  
***Information Technology (IT) Capital Plan***  
***FY 2011 - 2016***

*Fiscal years 2014 – 2016*

The RRB will continue to replace IT equipment in accordance with the replacement cycle as funding is made available. This will ensure that the agency is providing the most efficient and reliable services to its customers. In the event that full funding is not available, replacement of IT equipment will be based on greatest need. Full funding is required in order to allow for the replacement of all equipment scheduled in the *IT Equipment Replacement Policy*. The purchase of remaining equipment will be deferred to subsequent fiscal years, creating a backlog of past-due infrastructure investments.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**4. Capital Element: IT Tools and Systems**

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$8,600	\$0	\$550,000	\$350,000	\$300,000	\$200,000	\$1,408,600

**Agency Strategy and Benefits:** Technology can be used to collect, analyze, and package information so that it becomes a useful tool for the agency’s information technology and business professionals. These technology tools create knowledge about how to better serve our customers, develop innovative ideas, and speed implementation of new hardware and software systems.

This capital element is intended to provide technology tools to programmers, system engineers, technicians, and system support staffs that will greatly improve the efficiency and effectiveness of agency operations. Specific attributes include the ability to move development forward, improve the system development life cycle, and help business processes throughout the agency. Projected costs in this category for new or upgraded software tools and systems include customization, staff training, and knowledge transfer.

*Fiscal year 2013*

Web content management system.....	\$250,000
Electronic records content management system.....	300,000
	\$550,000

Web Content Management System

Currently, the agency uses a web publishing tool that is no longer supported to manage administration and publishing tasks on the web site [.rrb](http://.rrb). This tool’s approach to web publishing is primarily centered on linear, document oriented concepts like that of a typical brochure where content is seldom changed. As the agency’s website has evolved to focus on the user experience, there is now a need for more rapid revisions to branding, structure, and content. We need to look for a next-generation solution that enables dynamic, results-driven and task-oriented web experiences.

We plan to obtain and migrate to a content management based, web-hosted service to manage the agency’s website. This solution is in alignment with the Administration’s “Cloud First” strategy. A web content management (WCM) system is designed to simplify the publication of content to websites and mobile devices. In particular, it allows users to submit content without requiring technical knowledge of HTML or uploading specific files. A WCM platform will empower the RRB’s existing staff and alleviate the need to develop or retain specialized skills.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**Benefits of a web content management system**

- Requires no software or hardware purchases, and no additional costs for maintenance or infrastructure.
- Allows for a large number of people to contribute and share data.
- Improves security through controlled access to data based on assigned user roles, which define what information each user can view or edit.
- Aids in easy storage and retrieval of data online.
- Reduces repetitive and duplicate input.
- Improves the ease of report writing.
- Improves communication between users.

**Risks of delay**

- Current systems require a large amount of system administration, upgrades, patches, and hardware maintenance.
- Older tools have longer development cycles.
- Existing decentralized approach increases difficulty of managing users.
- Current systems require significant time to change based on future business needs or changes in technology, such as the increasing prevalence of mobile computing.

Electronic Records Content Management (ERCM) System

A key contributor to an enterprise's efficiency and effectiveness is how quickly and accurately its information workers can find and use content and data. Without properly designed and governed information architecture, an enterprise's effectiveness can be diminished. Current challenges facing the agency include preserving the vast and rapidly growing volume of electronic records, and responding to the legal, statutory and regulatory requirements of holding and transferring those records. To address these challenges the RRB plans to develop and implement an ERCM system. The system solutions apply existing records management policies to achieve legal compliance and ensure proper governance of the information assets.

Development and implementation of the ERCM will be performed over fiscal years. This multi-year approach allows the agency to spread the cost of the project over future years to allow for funding of other important IT projects. For fiscal year 2013, consulting services will be used to assist RRB staff in determining overall system requirements and creating a pilot ERCM program.

When complete, the ERCM system will identify, maintain, classify, and dispose of certain existing records in accordance with specified records disposition policies. The full initiative includes consultative guidance, the installation of ERCM software, hardware, training, and associated development of policies and procedures that will enable the RRB to manage its records electronically.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

<b>Benefits of an electronic records management system</b>
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| <ul style="list-style-type: none"><li>• Allows for consistent management of electronic records and policies.</li><li>• Meets several regulatory and compliance requirements (DOD Electronic Records Management Software Application Design Criteria Version 2, Federal Enterprise Architecture Records Management Profile version 1.0, OMB guidance – minimizing legal and electronic discovery risks associated with the Federal Rules of Civil Procedure).</li><li>• Protects vital records.</li></ul> |
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<b>Risks of delay</b>
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| <ul style="list-style-type: none"><li>• Current systems are not in compliance with NARA records management regulation (36 CFR CHXII Section 1228).</li><li>• Current systems are not in compliance with E-discovery requests related to the Federal Rules of Civil Procedure leaving the agency vulnerable to significant legal vulnerability including sanctions, fines, and costs related to the use of court-mandated private search firms.</li></ul> |
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*Fiscal years 2014 – 2016*

Following the completion of a successful pilot in fiscal year 2013, the RRB plans to fully implement the ERCM system in fiscal year 2014. In fiscal year 2015, the continued use of consulting services will be necessary to make final adjustments and provide agency-wide training on the use of the software.

The RRB will continue efforts to utilize new information technology and support the automation of other agency business processes. This will be accomplished through upgrade of existing systems and equipment as well as purchase a variety of new software and IT tools.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**5. Capital Element: E-Government**

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$415,070	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,415,070

**Agency Strategy and Benefits:** The E-Government capital element focuses on alternative delivery of services beyond traditional means. Specifically, E-Government offers RRB the opportunity to examine its current operations and procedures, identify business processes and practices that can be streamlined, implement streamlined business processes, and implement new technologies that enhance improvements. A properly implemented E-Government solution allows the agency to focus its resources on other service delivery efforts.

The RRB plans to use contractor services to augment agency staff to expand the electronic services available to the railroad public via the agency’s website. This goal is consistent with the agency’s overall goal to provide excellent customer service. This is accomplished by providing a range of choices for conducting business, including more Internet options that are private and secure. The benefits of these initiatives will be realized in increased efficiency and accuracy of business transactions between rail customers and the RRB.

*Fiscal year 2013*

Employer Reporting System ..... \$200,000

Employer Reporting System

In December 2003, the RRB initiated an Internet-based Employer Reporting System (ERS) for rail and labor employers to file reports of service and compensation needed to determine eligibility under the Railroad Retirement and Railroad Unemployment Insurance Acts. The goal of the ERS project is to provide employers with electronic-based alternatives to the 74 paper-based forms exchanged between rail employers and the RRB, and improve the overall process. When ERS is complete, the Internet-based service will provide employers with a more secure and efficient method for submitting information to the RRB for processing. Previously, the employers’ only option to provide this information to the agency was by mail or fax, which is less secure and less cost-effective.

Because of the large number of paper-based forms and processes needing conversion, the project is divided into phases over multiple years. Since 2003, the ERS project has converted many paper-based forms to an electronic format. For example, rail employers now have access to the following forms online (among many others):

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

- BA-4: Report of Creditable Compensation Adjustments
- BA-6: Certificate of Service Months and Compensation
- GL-129A: Record of Employer Determination on Employee Protest of Service & Compensation
- ID-4K: Prepayment Notice of Employees' Applications and Claims for Benefits Under the RUIA
- ID-4E: Notice of RUIA Claim Determination

In fiscal year 2009, the RRB shifted to a new framework for ERS. As a result, activities from fiscal year 2009 through July 2011 centered on the conversion of the ERS system to a new Microsoft programming software. With the new software place, we have resumed work on adding new services to the system, and expect to have 7 new services in place during September 2011. Contractor support will be used for this project to provide technical programming expertise and provide an additional resource for agency staff. In fiscal years 2012 and 2013, contractor services will continue to assist agency staff in developing notices and referrals that request information from the employers.

Our industry partners continue to provide valuable input for the design and testing of our reporting systems. This collaboration has paid off in the high rate of system usage.

<b>Benefits of the Employer Report System</b>
<ul style="list-style-type: none"> <li>• Automates the referral process between rail employers and the agency and adds services to the system.</li> <li>• Improves customer service and processes initial annuities more quickly due to faster employment verification.</li> <li>• Enhances stewardship by securing and protecting personally identifiable information.</li> <li>• Consulting assistance provides faster delivery of the ERS system, far above what the agency programming staff could accomplish independently.</li> </ul>

<b>Risks of delay</b>
<ul style="list-style-type: none"> <li>• Continuation of paper-based forms slows employment verification and increases manual processes.</li> <li>• Paper-based forms are less secure and place personally identifiable information at risk.</li> <li>• Mailing and manual processes result in loss of speed and accuracy.</li> </ul>

*Fiscal years 2014 – 2016*

There are still many other opportunities to further enhance the Employer Reporting System and add functionality to streamline business interactions with rail employers. These enhancements all improve timeliness, security, and accuracy of benefit payments.

**RAILROAD RETIREMENT BOARD**  
***Information Technology (IT) Capital Plan***  
***FY 2011 - 2016***

A draft schedule for developing online forms for fiscal years 2014 through 2016 is shown below. Actual scheduling may vary as a result of funding availability and other priorities.

Fiscal year 2014

- BA-9: Report of Separation Allowance or Severance Pay
- G-117a: Designation of Contact Officials
- ID-30B: Notice of Lien
- ID-3U: Request for Section 2(f) Information

Fiscal year 2015

- AESOP: Employee retirement estimate file
- G-73a.1: Notice of Death of Annuitant
- RL-5a: Notice of Annuity Award

Fiscal year 2016

- G-251(a)(b): Job Information Report

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**6. Capital Element: Risk Management and Privacy**

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$135,000	\$254,000	\$25,000	\$200,000	\$200,000	\$200,000	\$1,014,000

**Agency Strategy and Benefits:**

The RRB relies on a complex and constantly evolving information technology infrastructure to achieve its mission. This infrastructure is under constant attack by a variety of sources that seek to gain or deny access to, disrupt, degrade, or destroy the systems and the data it contains. These threats will likely expand over time as more critical infrastructure becomes connected to the Internet and malicious cyber activity grows in volume. Cyber attacks are becoming increasingly more sophisticated and targeted, which adds to the potential for more severe consequences if systems are not well-protected.

The RRB retains primary responsibility for securing and defending its own network and critical information infrastructure from cyber attacks. The risk management and privacy strategy is to render attacks ineffective through prevention measures and quickly detect and remedy successful attacks with surveillance. This strategy is accomplished through complementary use of technology (firewalls, integrity checkers, virus scanners, intrusion detection systems, anti-virus software and other special security devices) and well-trained personnel. The agency also follows various information security best practices, federal laws, and other governmental mandates. While information security is obviously essential, the RRB also takes great care to protect the privacy and civil liberties of all users.

Funding of the risk management capital plan element will provide for a variety of information security and privacy program activities, as follows:

*Fiscal year 2013*

Network Access Control Device..... \$25,000

A Network Access Control (NAC) device is an integrated security appliance that provides real-time visibility and control for everything connected to the network, including hardware, operating systems, applications, and users. The device monitors network traffic, discovers network devices, builds an inventory of device characteristics, and enforces the policies that are configured within the network. Best practices indicate that the NAC device should be replaced every five years; the agency's current NAC device was put into service in 2006 and will be beyond its recommended life in 2013.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

The NAC device provides the RRB with centrally managed capabilities to define security policies and assist in identifying and isolating all non-compliant, compromised, or misconfigured computers accessing the network. It seamlessly integrates with existing network infrastructures and security applications and facilitates the RRB meeting the 'Defense in Depth' methodology. The NAC device will show everything that is connected to the network, including managed or unmanaged devices and wired or wireless devices. It will also identify hidden infrastructure, such as unauthorized access devices, and USB storage devices. It will detect whether all authorized software (i.e. antivirus, encryption, data loss prevention, and patch management) are deployed and working on the managed workstations, and can automatically identify and remedy security deficiencies.

The use of a NAC device follows Title III of the E-Government Act (FISMA) and OMB Circular A-130, Appendix III.

<b>Benefits of replacing the network access control device</b>
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- |  |
|--|
| <ul style="list-style-type: none"><li>• Better risk mitigation.</li><li>• Establishes the required level of security set forth in FISMA requirements.</li><li>• Increases consistency, which allows for comparable and repeatable security control assessments.</li><li>• Improves the computer security defenses and supports maintenance of a strong bulwark against malware incidents.</li><li>• Allows for more complete, reliable, and trustworthy information to assist in making informed security authorization decisions.</li></ul> |
|--|

<b>Risks of delay</b>
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- |  |
|--|
| <ul style="list-style-type: none"><li>• Deterioration of the agency's ability to defend against hacker attacks.</li><li>• Inadequate input to certify and accredit RRB systems.</li><li>• Technology no longer commercially supported.</li></ul> |
|--|

*Fiscal years 2014-2016*

The cyber threat is constantly evolving, requiring the RRB to continually evaluate its capabilities and supporting technology. In line with its mission, the RRB will continue to upgrade its cyber security capabilities, using both proven and emerging technologies, to secure and defend against threats from cyberspace. We will continue with projects that ensure that our systems and policies comply with the law and RRB policies related to security and privacy.

**RAILROAD RETIREMENT BOARD**  
***Information Technology (IT) Capital Plan***  
***FY 2011 - 2016***

Projects currently planned for the fiscal year 2014 – 2016 timeframe include:

- Upgrade or replace the agency's Log Management/Security Information and Event Manager (SIEM). The existing appliance was purchased and installed in fiscal year 2009 and will reach end of its service life in fiscal year 2014.
- Upgrade or replace the agency's Forensic Recovery Evidence Device (FRED). The existing FRED was purchased and installed in fiscal year 2009, and will reach end of its service life in fiscal year 2014.
- Upgrade or replace the network firewall. The existing firewall was purchased and installed in fiscal year 2010, and will reach end of its service life in fiscal year 2015.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**7. Capital Element: System Modernization**

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$100,000	\$500,000	\$0	\$150,000	\$150,000	\$150,000	\$1,050,000

**Agency Strategy and Benefits:** Over the last few years, the RRB has taken significant strategic steps to improve computer processes by moving to a relational database environment and by optimizing the data that resides in the databases. These steps are part a multi-year, multi-phased approach toward systems modernization. This approach is necessary due to the complexity and size of this project. The next step is to take advantage of the optimized relational database structure and modernize the agency’s computer systems and processes.

Many of the RRB’s existing systems are old and complex and require a large investment in maintenance. These provide opportunities for modernization, which will enable the RRB to decrease the time and investment required to develop and operate the systems. Modernization of legacy systems will allow for a focus on new initiatives that will improve business practices and save or control costs.

The RRB continues to convert processes accessing legacy tables to instead access the master database. Access to each master database table is only possible once the legacy source is eliminated through modernization. In fiscal year 2012, the RRB will use contractor services to supplement agency resources assigned to this project. Contractor services have proven essential to the success of this initiative, not only ensuring that the work remains on schedule, but providing a knowledge transfer to agency personnel that will be used long after the project has been completed.

In addition to the RRB’s mainframe based computer programs, there are several old LAN-based computer programs in need of modernization. These LAN-based systems are based on an outdated database management system using old technology for which commercial support has been discontinued. These systems, although functioning, are becoming more difficult to maintain. Fiscal year 2012 funds will be used to obtain contractual services for the modernization of the most critical legacy LAN-based computer programs into one of the agency’s enterprise programming platforms.

*Fiscal year 2013*

Modernization work will continue utilizing in-house federal employee resources.

**RAILROAD RETIREMENT BOARD**  
***Information Technology (IT) Capital Plan***  
***FY 2011 - 2016***

*Fiscal years 2014 – 2016*

The RRB will continue modernizing high value, high risk applications. This will be done using knowledge gained from the redesign efforts and subsequent application modernizations. In addition, the agency plans to continue with the elimination of redundant databases. Contractor services to supplement agency resources may be needed to ensure that the project does not stall in the event of funding or staffing constraints.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**8. Capital Element: *Enterprise Human Resources Integration***

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$0	\$0	\$280,000	\$0	\$0	\$0	\$280,000

**Agency Strategy and Benefits:** Enterprise Human Resources Integration (EHRI) is one of five Office of Personnel Management (OPM) led e-Government initiatives. EHRI is designed to transform the way human resource specialists and managers access human resource information and the way employees access their personnel file information. OPM's vision for these initiatives, combined with retirement systems modernization, is to create an interlocking enterprise system based on the employee lifecycle. These interrelated initiatives streamline and improve processes for moving federal employees through the employment lifecycle.

As part of this initiative, OPM has advised agencies to convert employee official personnel folders to an electronic format by December 2013.

*Fiscal year 2013*

Electronic Official Personnel File.....      \$280,000

Funds for this initiative in fiscal year 2013 will provide for the planning and implementation of an electronic official personnel folder system. OPM's EHRI project office will provide the RRB technical support and administrative services related to this conversion.

Prior to implementation, the RRB must first assess the requirements for an electronic personnel folder system. These requirements will include various software, hardware, hosting, license, and paper file ("back-file") conversion needs. Once the requirements are understood, planning and implementation steps will begin, including acquisition of software and licenses, systems configuration, software development, installation at the hosting facility, testing, support transition, training, and back-file conversion.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**Benefits of Electronic Official Personnel File**

- Provides secure access to official personnel file forms and information to a geographically dispersed workforce.
- Eliminates the possibility of potential loss of official personnel files in filing and routing.
- Reduces costs associated with storage, maintenance, and retrieval of records.
- Increases employee awareness and accountability through email notification of personnel actions.
- Complies with OPM and federally mandated HR employee record management regulations.

**Risks of delay**

- Delay could prevent meeting December 2013 deadline.
- Without update, the agency continues paper-based processes.
- Workforce data continues to be stored in legacy systems of varied functionality.
- Government-wide analysis and accountability is hindered due to the dispersal and incompatibility of personnel records among federal agencies.
- Files remain less secure in paper format.

*Fiscal years 2014 – 2016*

No other Enterprise Human Resources Integration initiatives are planned for this reporting period.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
 FY 2011 - 2016

**9. Capital Element: FFS Conversion**

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$0	\$0	\$3,562,000	\$0	\$0	\$0	\$3,562,000

**Agency Strategy and Benefits:** This capital item represents funding needed to replace the agency’s legacy financial management system, the Federal Financial System (FFS). In fiscal year 2003, new releases of the FFS software ceased, which is an indication that the product has reached the end of its life cycle. While FFS continues to meet the financial processing and reporting requirements of the RRB, it is essential to upgrade to an up-to-date Federal Systems Integration Office (FSIO) compliant and reliable financial management system in order to carry out the core mission in the future.

In fiscal year 2010, the RRB obtained the services of a contractor to analyze FFS’s compliance and performance gaps with FSIO requirements. The assessment identified several gaps where the system is currently not able to meet many of the FSIO automation standards. Following this determination, the study analyzed the various alternatives available to the agency and, using a value measurement methodology, scored each alternative based on potential benefits, risks, and costs. The result of this systematic analysis concluded that the agency should migrate to a shared service provider. The SSP hosted solution highlighted superior benefits and lower risks compared to the other two alternatives.

<b>Benefits of migration to a shared service provider</b>
<ul style="list-style-type: none"> <li>• Increases the use of electronic data, reports, and correspondence, and provides cost savings due to the reduction or elimination of printing, mailing, and storage costs.</li> <li>• Reduces operations and maintenance costs that result from using a newer technology, for example certification and accreditation costs would be reduced.</li> <li>• Provides more timely reports and data for analysis and management use.</li> <li>• Improves data management, data quality, and internal controls which reduce the risk of fraud, improper payments, and other potential errors.</li> <li>• Improves technology which results in better security to meet evolving requirements and threats, protect private information, reduce the risk of data loss, and aid in the segregation of duties.</li> <li>• Supports OMB directive to federal agencies to migrate to an SSP environment</li> </ul>

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**Risks of delay**

- No vendor support for the current system.
- The agency's current FFS financial management system is not compliant with the Federal Financial Management Requirements for Core Financial Systems. FSIO testing of core financial systems requires systems to meet 100 percent of mandatory requirements; however the current system was only able to meet eight of the 48 requirements.
- Continued support of the current system will be problematic in the future as much of the staff with specific skills and knowledge will reach retirement age over the next decade.
- Difficulties in maintaining the system to implement future mandated OMB/Treasury initiatives

*Fiscal year 2013*

Federal Financial System Migration to a Shared Service Provider..... \$3,562,000

We envision a multi-phased project approach to replacing the agency's current financial management system. The tasks will be divided between:

- Pre-migration Planning Stage
- Migration Stage
- Post-migration stage

See Exhibit 300 for more detail on the migration.

*Fiscal years 2014 – 2016*

We plan to complete the shared service migration and post implementation activities to the out years of this capital plan submission as more information becomes available.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**10. Capital Element: *Continuity of Operations Improvements***

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$0	\$400,000	\$0	\$100,000	\$100,000	\$100,000	\$700,000

**Agency Strategy and Benefits:** Federal Emergency Management Agency and Homeland Security Department directives (Federal Continuity Directive 1 and 2) require federal agencies to create and maintain a Continuity of Operations (COOP) plan. The COOP plan that the agency can carry on all essential functions in case of a natural or manmade disruption or disaster.

Information technology plays a key role in the continuation of the RRB’s operations by assisting in the quick recovery of essential government operations during any major disruption to operations. For example, short-term disruption such as a power outage or failure can be quickly resolved by employing a backup capability for systems, personnel, processes, and other needs. However, disruptions can also be longer term in nature, such as with a major weather or natural disaster event. In these situations, service would be impacted for several days or weeks. For long-term disruption of services, the agency may require the ability to relocate and operate at an alternative facility. Investments in this capital item will ensure that the agency would be able to respond quickly with minimal interruption to services and resume normal operations in the event of a short or long-term emergency or disruption.

*Fiscal year 2013*

There are no new plans for fiscal year 2013. We will continue to focus on completing the implementation and maintenance of a remote disk backup storage solution acquired in the previous fiscal year.

*Fiscal years 2014 - 2016*

The RRB will continue to focus on obtaining a variety of new and upgraded software and hardware systems to support the agency’s continuity of operations. For example, network reconfiguration planning in fiscal year 2010 revealed that server-based critical applications are stored throughout the server environment, making backup for restoration time-consuming, costly, and non-responsive to business requirements. We may use contractor services to assist agency staff to reconfigure the server-based critical applications for ease of backup and restoration. The reconfiguration will also provide metrics for storage space required for the backup.

Risk reviews, testing, and expansion of telework are also critical elements of continuity of operations planning that may be considered.

**RAILROAD RETIREMENT BOARD**  
*Information Technology (IT) Capital Plan*  
*FY 2011 - 2016*

**11. Non-Capital Element: IT Task Orders**

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	TOTAL
\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000

**Agency Strategy and Benefits:** Task orders offer the agency an opportunity to quickly and efficiently purchase IT services including staff augmentation, computer programming, hardware, software, and other IT-related services.

Task order contracts are a method of rapid procurement of IT professional services with predetermined contractors at competitive rates. Task order contracts allow the agency to enter into contracts before the specific service/product requirements are known. A task order contract obligates a contractor to render services or deliver products as ordered from time to time by the agency, and the contractor is pre-qualified to do work. This type of contract puts the contractor on standby. The contract statement of work is a general description of the services or products the contractor will be obligated to produce on demand. After the contract award, the agency will issue, as needed, task orders to specify detailed requirements. The task order contract, with its simplified process and unique fast-track rules, is used to save time and money in the long run.

*Fiscal year 2013*

Emergency Business System/Application Restoration Services ..... \$50,000

Emergency Business System/Application Restoration Services

Funding for expert IT professional services is necessary in the event of resource shortages and restoration time constraints to facilitate the continuity of operations.

*Fiscal years 2014 – 2016*

In fiscal years 2014 through 2016, we will use contractor resources on a task-order basis to augment IT staffing resources with specialized skill sets, as an alternative to filling vacant positions, or to accelerate the implementation of projects within the Information Technology Capital Plan.

## Railroad Retirement Board - Exhibit 53A Worksheet

1	2	3	4	5	6	7	8	9	10	11	12
Previous UPI	Current UII	Investment Category	Bureau Code	Part of Exhibit 53	Mission Delivery and Management Support Area	Type of Investment	Line Item Descriptor	Change in Investment Status Identifier	Agency description of change in investment status	Investment Title	Investment Description
<b>446-00-00-00-00-0000-00</b>								<b>09</b>	<b>Agency Total IT Investment Portfolio</b>		
<b>446-00-01-00-00-0000-00</b>				<b>01</b>				<b>09</b>	<b>Part 1. IT Systems by Mission Area</b>		
<b>446-00-01-01-00-0000-00</b>				<b>01</b>	<b>01</b>	<b>01</b>			<b>09</b>	<b>01 - Financial Management</b>	
<b>446-00-01-01-02-0002-00</b>	<b>446-000000001</b>	<b>00</b>	<b>00</b>	<b>01</b>	<b>01</b>	<b>01</b>			<b>00</b>	<b>Federal Financial Management System Migration</b>	<b>Transitioning the existing Federal Financial System into a Shared Service Provider environment</b>
<i>446-00-01-01-02-0002-00</i>	<i>446-000000001</i>	<i>00</i>	<i>00</i>	<i>01</i>	<i>01</i>	<i>01</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-01-01-02-0002-00</i>	<i>446-000000001</i>	<i>00</i>	<i>00</i>	<i>01</i>	<i>01</i>	<i>01</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-01-02-00-0000-00</b>				<b>01</b>	<b>02</b>	<b>02</b>			<b>09</b>	<b>02 - RRA/RUIA Benefit Programs</b>	
<b>446-00-01-02-02-0003-00</b>	<b>446-000000002</b>	<b>00</b>	<b>00</b>	<b>01</b>	<b>02</b>	<b>02</b>			<b>00</b>	<b>E-Government</b>	<b>Streamline business processes and improve service delivery</b>
<i>446-00-01-02-02-0003-00</i>	<i>446-000000002</i>	<i>00</i>	<i>00</i>	<i>01</i>	<i>02</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-01-02-02-0003-00</i>	<i>446-000000002</i>	<i>00</i>	<i>00</i>	<i>01</i>	<i>02</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-02-00-00-0000-00</b>				<b>02</b>				<b>09</b>	<b>Part 2. IT Infrastructure, Office and Telecom</b>		
<b>446-00-02-02-02-0001-00</b>	<b>446-000000003</b>	<b>00</b>	<b>00</b>	<b>02</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>Mainframe</b>	<b>Mainframe processor upgrade and associated software costs</b>
<i>446-00-02-02-02-0001-00</i>	<i>446-000000003</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-02-02-02-0001-00</i>	<i>446-000000003</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-02-02-02-0005-00</b>	<b>446-000000004</b>	<b>00</b>	<b>00</b>	<b>02</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>IT Tools and Systems</b>	<b>Tools utilized to build new systems and support transition to a new information technology architecture</b>
<i>446-00-02-02-02-0005-00</i>	<i>446-000000004</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-02-02-02-0005-00</i>	<i>446-000000004</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-02-02-02-0006-00</b>	<b>446-000000005</b>	<b>00</b>	<b>00</b>	<b>02</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>Risk Management and Privacy</b>	<b>Computer hardware/software to secure and defend the agency's computer network</b>
<i>446-00-02-02-02-0006-00</i>	<i>446-000000005</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-02-02-02-0006-00</i>	<i>446-000000005</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-02-02-02-0008-00</b>	<b>446-000000006</b>	<b>00</b>	<b>00</b>	<b>02</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>Network Operations</b>	<b>Support for the RRB's local and wide-area network operations; funds replacement and/or upgrade of network servers and software</b>
<i>446-00-02-02-02-0008-00</i>	<i>446-000000006</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-02-02-02-0008-00</i>	<i>446-000000006</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-02-02-02-0012-00</b>	<b>446-000000007</b>	<b>00</b>	<b>00</b>	<b>02</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>Infrastructure Replacement</b>	<b>Continuing upgrade and scheduled replacement of computer equipment and software</b>
<i>446-00-02-02-02-0012-00</i>	<i>446-000000007</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-02-02-02-0012-00</i>	<i>446-000000007</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-02-02-02-0014-00</b>	<b>446-000000008</b>	<b>00</b>	<b>00</b>	<b>02</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>Continuity of Operations</b>	<b>Provide improvements to current data backup systems to ensure continuity of operations</b>
<i>446-00-02-02-02-0014-00</i>	<i>446-000000008</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-02-02-02-0014-00</i>	<i>446-000000008</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
	<b>446-000000009</b>	<b>00</b>	<b>00</b>	<b>02</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>IT Task Orders</b>	<b>Provides rapid contracting of IT professional services with predetermined contractors at competitive rates</b>
	<i>446-000000009</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
	<i>446-000000009</i>	<i>00</i>	<i>00</i>	<i>02</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-03-00-00-0000-00</b>				<b>03</b>				<b>09</b>	<b>Part 3. Enterprise Architecture, Planning and CIO</b>		
<b>446-00-03-02-02-0052-00</b>	<b>446-000000010</b>	<b>00</b>	<b>00</b>	<b>03</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>System Modernization</b>	<b>Provide for the modernization of RRB software systems</b>
<i>446-00-03-02-02-0052-00</i>	<i>446-000000010</i>	<i>00</i>	<i>00</i>	<i>03</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
<i>446-00-03-02-02-0052-00</i>	<i>446-000000010</i>	<i>00</i>	<i>00</i>	<i>03</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
	<b>446-000000011</b>	<b>00</b>	<b>00</b>	<b>03</b>	<b>00</b>	<b>02</b>			<b>00</b>	<b>Enterprise Human Resources Integration</b>	<b>Planning and implementation of an electronic official personnel folder system.</b>
	<i>446-000000011</i>	<i>00</i>	<i>00</i>	<i>03</i>	<i>00</i>	<i>02</i>			<i>04</i>	<i>446-00-8237-0</i>	<i>Limitation on Administration</i>
	<i>446-000000011</i>	<i>00</i>	<i>00</i>	<i>03</i>	<i>00</i>	<i>02</i>			<i>09</i>	<i>Funding Source Subtotal</i>	
<b>446-00-04-00-00-0000-00</b>				<b>04</b>				<b>09</b>	<b>Part 4. Grants Management</b>		
<b>446-00-05-00-00-0000-00</b>				<b>05</b>				<b>09</b>	<b>Part 5. National Security Systems</b>		
<b>446-00-06-00-00-0000-00</b>				<b>06</b>				<b>09</b>	<b>Part 6. IT Grants to State and Locals</b>		

## Railroad Retirement Board - Exhibit 53A Worksheet

11	13	14	15	16	17	18	19	20	21	22	23
Investment Title	FEA BRM Mapping - Sub- Function	Service Code Mapping - Component	Segment Architecture -- Agency Segment	Segment Architecture - Federal Standard Segment	Homeland Security Priority Identifier	Cross- Boundary Information Identifier	Supports Information Sharing, Access and Protection	DME [Planning, Development/Capital Spending] (PY/2011) Agency Funding (\$M)	DME [Planning, Development/Capital Spending] (PY/2011) Contributions (\$M)	DME [Planning, Development/Capital Spending] (CY/2012) Agency Funding (\$M)	DME [Planning, Development/Capital Spending] (CY/2012) Contributions (\$M)
<b>Agency Total IT Investment Portfolio</b>								<b>1.294</b>	<b>0.000</b>	<b>1.760</b>	<b>0.000</b>
<b>Part 1. IT Systems by Mission Area</b>								<b>0.415</b>	<b>0.000</b>	<b>0.200</b>	<b>0.000</b>
<b>01 - Financial Management</b>								<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Federal Financial Management System Migration</b>	<b>402</b>	<b>124</b>	<b>402</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<b>02 - RRA/RUIA Benefit Programs</b>								<b>0.415</b>	<b>0.000</b>	<b>0.200</b>	<b>0.000</b>
<b>E-Government</b>	<b>703</b>	<b>525</b>	<b>703</b>	<b>220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.415</b>	<b>0.000</b>	<b>0.200</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.415</i>	<i>0.000</i>	<i>0.200</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.415</i>	<i>0.000</i>	<i>0.200</i>	<i>0.000</i>
<b>Part 2. IT Infrastructure, Office and Telecom</b>								<b>0.779</b>	<b>0.000</b>	<b>1.060</b>	<b>0.000</b>
<b>Mainframe</b>	<b>404</b>	<b>139</b>	<b>404</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<b>IT Tools and Systems</b>	<b>404</b>	<b>139</b>	<b>404</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.009</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.009</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.009</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<b>Risk Management and Privacy</b>	<b>761</b>	<b>652</b>	<b>761</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.135</b>	<b>0.000</b>	<b>0.254</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.135</i>	<i>0.000</i>	<i>0.254</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.135</i>	<i>0.000</i>	<i>0.254</i>	<i>0.000</i>
<b>Network Operations</b>	<b>404</b>	<b>139</b>	<b>404</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.483</b>	<b>0.000</b>	<b>0.014</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.483</i>	<i>0.000</i>	<i>0.014</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.483</i>	<i>0.000</i>	<i>0.014</i>	<i>0.000</i>
<b>Infrastructure Replacement</b>	<b>404</b>	<b>137</b>	<b>404</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.152</b>	<b>0.000</b>	<b>0.392</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.152</i>	<i>0.000</i>	<i>0.392</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.152</i>	<i>0.000</i>	<i>0.392</i>	<i>0.000</i>
<b>Continuity of Operations</b>	<b>751</b>	<b>608</b>	<b>751</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>	<b>0.400</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.000</i>	<i>0.000</i>	<i>0.400</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.000</i>	<i>0.000</i>	<i>0.400</i>	<i>0.000</i>
<b>IT Task Orders</b>	<b>756</b>	<b>646</b>	<b>756</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<b>Part 3. Enterprise Architecture, Planning and CIO</b>								<b>0.100</b>	<b>0.000</b>	<b>0.500</b>	<b>0.000</b>
<b>System Modernization</b>	<b>404</b>	<b>136</b>	<b>404</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.100</b>	<b>0.000</b>	<b>0.500</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.100</i>	<i>0.000</i>	<i>0.500</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.100</i>	<i>0.000</i>	<i>0.500</i>	<i>0.000</i>
<b>Enterprise Human Resources Integration</b>	<b>403</b>	<b>258</b>	<b>403</b>	<b>550</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<i>446-00-8237-0</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Funding Source Subtotal</i>								<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<b>Part 4. Grants Management</b>								<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Part 5. National Security Systems</b>								<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Part 6. IT Grants to State and Locals</b>								<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>



**Exhibit 300A: IT Capital Asset Summary**  
**Part I: Summary Information And Justification (All Capital Assets)**

**Section A: Overview**

1. Investment Name:	Federal Financial Management System Migration
2. Unique Investment Identifier (UII) For IT investment only, see Section <a href="#">9</a> .	446-00000001

**Section B: Investment Detail**

1. Provide a brief summary of the investment, including a brief description of the related benefit to the mission delivery and management support areas, and the primary beneficiary(ies) of the investment. *Include an explanation of any dependencies between this investment and other investments.*

The IT investment – Federal Financial Management System Migration, represents RRB’s initiative and funding request for transitioning its existing Federal Financial System (FFS) into a Shared Service Provider (SSP) environment. This initiative is in line with the OMB/FMLOB directive promoting the use of SSPs for IT programs and significantly minimizes operational risks resulting from FFS’ obsolescence since FFS is no longer supported with upgrades, patches, and bug fixes from the software vendor. Additionally, FFS is no longer on the Financial System Integration Office (FSIO) list of approved federal financial software.

**Strategic Benefits:** Achievement of agency vision to enhance public trust, and fulfillment of Statutory and Policy Requirements including:

- Strategic Planning, Budgeting, and Performance
- Maintaining auditability
- Improving security due to more modern architecture
- Providing increased oversight of financial activities with more modern accounting rules and supporting software
- Meeting all mandatory federal financial system requirements defined by the FSIO
- Taking advantage of the numerous benefits of cloud computing

**Operational Benefits:** Identify and streamline user-related processes to gain efficiencies and reduce manual processes. Provide end-user support, training, and documented guidance for premium accounting process and information systems. The operational benefits also include the key requirements that were identified by RRB including:

- Employing an integrated business management system to support the financial business processes
- Improving Data Management (integrity, quality, reliability, usability, and timeliness)
- Improving efficiency and effectiveness of application management and support processes
- Improving efficiency and effectiveness of employees by eliminating duplicate data entry
- Producing financial statements on monthly/quarterly basis more quickly and with greater accuracy

**End User Functionality Benefits:** Improve implementation of business rules, system agility, reduce IT risk, ensure Continuity of Operations (COOP), and increase accuracy of data including:

- Improving customer service and support for business systems
- Identifying and streamlining user-related processes to gain efficiency and effectiveness
- Reducing demand for staff and infrastructure resources with possible reallocation to main business systems
- Improving training resources for staff
- Improving usability with a more user friendly system

2. How does this investment close in part or in whole any identified performance gap in support of the mission delivery and management support areas? *Include an assessment of the program impact if this investment isn't fully funded.*

Based on an assessment study conducted in 2010, RRB's FFS system has performance gaps related to Federal Systems Integration Office (FSIO) requirements and is therefore non-compliant with federal standards. Key areas where gaps were identified include:

- The ability to export/import data through an automated process
- The ability to meet Treasury and other mandated regulations (TAS/BETC, GTAS, etc.)
- A reporting/online query export capability
- An automated workflow for approval routing
- An IT architecture which currently limits the flexibility required to support continuity of operations and flexible work programs
- A technology which does not adequately support evolving business requirements leading to multiple manual processes (e.g. exporting/importing data, approval routing, etc)

If the investment isn't funded then RRB's current system, FFS, will become more costly to operate in the out years because locating the skill sets to operate and maintain FFS will become more difficult as knowledgeable RRB staff retires. This is important to the RRB because the FFS software vendor, CGI, discontinued its support of bug-fixes, patches, and upgrades for the system after Y2K. Therefore RRB staff has developed the needed system enhancements to comply with OMB and Treasury mandated changes since the final contractor upgrade. While these upgrades, manual processes, and system workarounds have allowed RRB to continue to use the system, the system does not comply with all mandatory Federal Financial Management Requirements for core financial systems and upgrading the system to comply will be costly. Even though these upgrades may allow RRB to continue operating FFS in the short term, with much of its staff with FFS knowledge reaching retirement age over the next decade, future system changes will be increasingly more costly and difficult to accomplish each year.

3. For this investment's technical features, please identify where any specific technical solutions are required by legislation, in response to audit findings, or to meet requirements from other sources. Where "Yes" is indicated, provide a brief description of the technical features required, and any citations regarding specific mandates for these requirements.

<b>Required by</b>		<b>Description</b>
Legislative Mandate	Y	Current system (FFS) is not on the FSIO list of approved federal financial systems software.  New system will meet OMB/FMLOB directive for use of SSP for federal financial systems.

Audit Finding Resolution	Y	The Office of Inspector General has noted several deficiencies and weakness in the internal control environment for the current financial system. These range from segregation of duties to lack of integration with other supporting applications resulting in data integrity issues.
Published Agency Strategic Plan	Y	The IT strategic plan adopted by RRB management does not support the continued use of the existing architecture and infrastructure requirements of FFS.  Lack of future resources to support FFS will jeopardize RRB operations which are critical to the fulfillment of its mission.
Other Requirement	Y	The software vendor no longer supports FFS with upgrades, updates and maintenance – making future requirements extremely difficult to satisfy.

4. Provide a list of this investment's accomplishments in the prior year (PY), including projects or useful components/project segments completed, new functionality added, or operational efficiency achieved.

An analysis of RRB's current financial system was performed by reviewing its benefits and performance gaps; risks; and life-cycle costs. This assessment compared the system's current compliance with federal financial management laws/mandates, ability to adapt to future mandates, and projected future operating costs. The results identified performance gaps FSIO requirements and significant risks.

To address these gaps, RRB initiated an Analysis of Alternatives utilizing the Value Measuring Methodology. An SSP environment was identified as the most viable alternative. The SSP alternative achieved the highest score due to the benefit of leveraging the functionality that is inherent in integrated systems and for the ease of transition to a single enterprise resource planning system instance. This alternative will address the gaps identified in the financial system assessment and the SSP will be responsible to maintain compliance with future federal mandates and system accreditation.

5. Provide a list of planned accomplishments for current year (CY) and budget year (BY).

The integrated Project Team (IPT) has finalized a master schedule for the migration. The RRB will also acquire the services of an experienced vendor to assist in the pre-migration services required to move to a shared service provider (SSP).

In order to expedite the preparation and issuance of a Request for Proposal (RFP) to approved Federal and commercial SSPs, RRB will develop sections of an RFP solicitation for financial management shared services that will meet the RRB's needs with the assistance of the aforementioned pre-migration services vendor.

Once the RFP is completed, the RRB will hold a pre-solicitation conference with interested SSP's at the RRB headquarters facility. RRB will perform updates to the RFP as necessary based on feedback received from the SSP's and then issue the RFP upon receipt of approved funding.

When the responses to the RFP have been received, RRB will analyze the responses to determine which SSP should be selected. RRB will evaluate the proposals received in response to the RFP issued for the FMS shared services, per generally accepted and best Federal government procurement practices and regulations and statutes, including but not limited to the Federal Acquisition Regulation (FAR) subpart 15.

Upon completion of the proposal review and the Contracting Officer's determination, the RRB will award a contract to the best value offer SSP contractor for the migration services and FMS shared services.

During the BY, RRB will migrate their FMS to the awarded SSP Contractor's shared services. The migration will include the necessary activities to have the RRB on the new system by the end of the BY.

6. Provide brief descriptions of out year (BY+1, BY+2, BY+3, BY+4 and beyond as necessary) budget requests for this investment. Briefly describe planned projects and/or useful components proposed. Your justification should address new functionality, systems integration, technology refreshes, efficiencies to be realized, and any other planned enhancements to existing assets/systems performance or agency operations.

<b>Fiscal Year</b>	<b>Description</b>
BY+1	<p>\$1,921,190 - This number is made of 3 components:            \$240K in RRB costs (ongoing support from staff)            \$240K in DME SSP costs,            \$1,442K in O&amp;M SSP costs</p> <p>The SSP costs represent costs related to outsourcing the application management and hosting of the Financial Systems application by an outside vendor. The 2nd year costs include (but not limited to) hosting and servicing the software on their data center. It also includes DME costs for an upgrade to accommodate Federal/OMB mandates.</p>
BY+2	<p>\$1,699,995 - This number is made of 2 components:            \$247K in RRB costs (ongoing support from staff),            \$1,453K in SSP (O&amp;M) costs.</p> <p>The SSP costs represent costs related to application management and hosting of the Financial Systems application by an outside vendor.</p>
BY+3	<p>\$1,725,793 - This number is made of 2 components:            \$254K in RRB costs (ongoing support from staff) and            \$1,472K in SSP (O&amp;M) costs.</p> <p>The SSP costs represent costs related to application management and hosting of the Financial Systems application by an outside vendor.</p>
BY+4 and beyond	<p>\$10,999,781 - This number is made of 2 components:            \$1,693K in RRB costs (ongoing support from staff) and            \$9,306K in SSP (O&amp;M) costs.</p> <p>These O&amp;M costs are from BY+4 through BY+10. The SSP costs represent costs related to application management and hosting of the Financial Systems application by an outside vendor.</p>

7. Provide the date of the Charter establishing the required Integrated Program Team (IPT) for this investment. An IPT must always include, but is not limited to: a qualified fully-dedicated IT program manager, a contract specialist, an information technology specialist, a security specialist and a business process owner before OMB will approve this program investment budget. IT Program Manager, Business Process Owner and Contract Specialist must be Government Employees.	6/14/2011
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<b>8. IPT Contact Information</b>	<b>Name</b>	<b>Phone Number</b>	<b>Extension</b>	<b>Email</b>
<b>IT Program Manager</b>	<i>Kris Garmager</i>	312-751-4519		Kristofer.Garmager@rrb.gov
<b>Business Process Owner</b>	<i>George Govan</i>	312-751-4933		george.govan@rrb.gov
<b>Contract Specialist</b>	<i>Paul Ahern</i>	312-751-7130		paul.ahern@rrb.gov
<b>Information Technology Specialist</b>	<i>Patricia Gendon</i>	312-751-4967		patricia.gendon@rrb.gov
<b>Security Specialist</b>	<i>Jerry Gilbert</i>	312-751-3365		jerry.gilbert@rrb.gov

**Section C: Summary of Funding (Budget Authority for Capital Assets)**

1. Provide the funding summary for this investment by completing the following table. Include funding authority from all sources in millions, and round to three decimal places. Federal personnel costs should be included only in the rows designated “DME ... Govt. FTEs” costs and “O&M Govt. FTE” costs and should be excluded from the other cost breakouts. Cost levels should be consistent with funding levels in Exhibit 53. For multi-agency investments, this table should include all funding (both managing and partner agency contributions).

For years beyond BY+1, please provide your best estimates for planning purposes, understanding that estimates for out-year spending will be less certain than estimates for BY+1 or closer.

For lines in the table that ask for changes in your current submission compared to your most recent previous submission, please use the President’s Budget as your previous submission. When making comparisons, please ensure that you compare same-year-to-same-year (e.g., 2011 v. 2011).

Significant changes from the previous submission should be reflected in an updated investment-level Alternatives Analysis and is subject to OMB request as discussed in Exhibit 300.5.

	<b>PY-1 &amp; Prior</b>	<b>PY 2011</b>	<b>CY 2012</b>	<b>BY 2013</b>	<b>BY+1 2014</b>	<b>BY+2 2015</b>	<b>BY+3 2016</b>	<b>BY+4 &amp; Beyond</b>
<b>Planning Costs:</b>	\$0.230	\$0.000	\$0.000	\$0.182	\$0.000	\$0.000	\$0.000	\$0.000
<b>DME (Excluding Planning) Costs:</b>	\$0.000	\$0.000	\$0.000	\$2.354	\$0.240	\$0.000	\$0.000	\$0.000
<b>DME (Including Planning) Govt. FTEs:</b>	\$0.000	\$0.000	\$0.000	\$0.362	\$0.000	\$0.000	\$0.000	\$0.000
<b>Sub-Total DME (Including Govt. FTE) :</b>								
<b>O&amp;M Costs:</b>	\$0.000	\$0.000	\$0.000	\$1.026	\$1.442	\$1.453	\$1.472	\$9.306
<b>O&amp;M Govt. FTEs:</b>	\$0.000	\$0.000	\$0.000	\$0.200	\$0.240	\$0.247	\$0.254	\$1.693
<b>Sub-Total O&amp;M Costs (Including Govt. FTE):</b>								
<b>Total Cost (Including Govt. FTE):</b>								
<b>Total Govt. FTE costs:</b>								
<b># of FTE rep by costs:</b>	0	0	0.5	3.5	1.5	1.5	1.5	1.5
<b>Total change from prior year final President’s Budget (\$)</b>		\$0.388	\$0.000					
<b>Total change from prior year final President’s Budget (%)</b>		100%	0%					

Do not enter information for the dark gray cells.

2. While some investments are consistent with a defined life cycle model (i.e., an initial period of development followed by a period of primarily operational spending and an identifiable end point), others represent a collection of ongoing activities and operations with no known terminal point. In the following table, identify whether or not this investment uses a defined life cycle model (as defined in [Circular A-131](#)) and provide appropriate investment cost information below.

a.	Is this investment consistent with a life cycle model defined in <a href="#">Circular - 131</a> (i.e., an initial period of development followed by a period of primarily operational spending and an identifiable end point):	Y
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b.	Describe why the investment is not consistent with life cycle model management defined in <a href="#">Circular A-131</a> , and explain how you adapted your alternatives analysis for this investment? (Where an agency uses a cost model other than the lifecycle cost model, defined by OMB Circular A-131, responses from 2c to 2h below should reflect the alternative concept.)	<i>[Limit: 1000 chars]</i> <i>(Required if a is N)</i> <i>N/A</i>
c.	Provide information on what cost model this investment is using and how costs are captured for what years:	<i>[Limit: 1000 chars]</i> <i>(Required if a is N)</i> <i>N/A</i>
d.	What year did this investment start (use year—e.g., PY-1=2010)	2010
e.	What year will this investment end (use year—e.g., BY+5=2018)	2023
f.	Estimated Total DME cost (including planning) for the investment life cycle or other cost model (excluding FTE)	\$ 2,775,410
g.	Estimated Total O&M cost the investment life cycle or other cost model (excluding FTE)	\$ 14,698,665
h.	Estimated total Govt. FTE Cost for the investment life cycle or other cost model	\$ 2,995,219

3a. If the funding levels have changed from the FY2012 President's Budget request for PY or CY, briefly explain those changes:	Funding has been made available in fiscal year 2011 for planning and pre-migration activities to enable the RRB to transfer its financial system to a shared service provider in fiscal year 2013. This funding was not reflected in the budget request because a requirements analysis for the project was not completed until after the beginning of fiscal year 2011.
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**Section D: Acquisition/Contract Strategy (All Capital Assets)**

1. *Complete or update* the table to display all prime contracts (or task orders) for awarded or open solicitations for this investment (sub-award details is not required). Contracts and/or task orders that have “Ended” should not be included in the table. Contracts in open solicitation should provide estimated data for all fields (for “Total Contract Value” the estimated base contract costs and all anticipated option years). Data definitions can be found at [.usaspending.gov/learn#a2](http://usaspending.gov/learn#a2).

For specifics, please see notes 1 and 2 below the table.

Field	Data Description	Optional for Awarded Contracts	Contract/ Task Order
<b>Contract Status</b>	(1) Awarded, (2) Pre-award Post-solicitation	2	N/A
<b>Contracting Agency ID</b>	Required only if the contracting agency is different than the agency submitting the exhibit. Use agency 4 digit code as used in FPDS.	6000	N/A
<b>Procurement Instrument Identifier (PIID)</b>	The unique identifier for each contract, agreement or order. See <a href="http://www.usaspending.gov/learn#a2">http://www.usaspending.gov/learn#a2</a>	N/A	N/A
<b>Indefinite Delivery Vehicle (IDV) Reference ID</b>	Required only for IDVs. See <a href="http://www.usaspending.gov/learn#a2">http://www.usaspending.gov/learn#a2</a>	N/A	N/A
<b>IDV Agency ID</b>	This is a code for an agency, but it does not necessarily represent the agency that issued the contract. Instead, it serves as part of the unique identification for Federal Procurement Data System IDV records.	60	N/A
<b>Solicitation ID<sup>1</sup></b>	Identifier used to link transactions to solicitation information. See <a href="http://www.usaspending.gov/learn#a2">http://www.usaspending.gov/learn#a2</a>	RRB11Q035	N/A
<b>EVM Required</b>	Y/N	N	N/A
<b>Ultimate Contract Value<sup>1</sup></b>	Total Value of Contract including base and all options. Complete using dollars to two decimal places.	Pre-award stage – N/A	N/A
<b>Type of Contract/Task Order (Pricing)<sup>1</sup></b>	See <a href="#">Part 16</a> . Can be fixed price, cost, cost plus, incentive, IDV, time and materials, etc	Majority FFP with portions T&M	N/A
<b>Is the contract a Performance Based Service Acquisition (PBSA)?<sup>1</sup></b>	Y/N Indicates whether the contract is a PBSA as defined by <a href="#">37.601</a> . A PBSA describes the requirements in terms of results rather than the methods of performance of the work.	Y	N/A
<b>Effective date<sup>1</sup></b>	Actual or expected Start Date of Contract/Task Order, the date that the parties agree will be the starting date for the contract’s requirements. (YYYY-MM-DD)	2011-09-25	N/A
<b>Actual or expected End Date of Contract/Task Order<sup>1</sup></b>	(YYYY-MM-DD)	Options are possible through 2013-09-30	N/A

<b>Extent Competed<sup>1</sup></b>	(A) Full and open competition (B) Not available for competition (C) Not competed (D) Full and open competition after exclusion of sources (E) Follow-on to competed action (F) Competed under simplified acquisition procedures (G) Not competed under simplified acquisition procedures (CDO) Competitive Delivery Order (NDO) Non-competitive Delivery Order	CDO process per FAR Part 8.405	N/A
<b>Contract Description</b>	A brief description of the goods or services bought (for an award) or that are available (for an IDV). <a href="http://www.usaspending.gov/learn?tab=FAQ#2">www.usaspending.gov/learn?tab=FAQ#2</a>	Professional / technical assistance services for requirements development, including SOW and related sections of the solicitation; optional solicitation evaluation assistance; and FMS SSP Migration implementation oversight assistance services	N/A

<sup>1</sup>Assuming the PIID or IDV PIID match with USAspending.gov, these data elements will be automatically populated for awarded IT acquisitions

<sup>2</sup>Assuming the PIID, IDV PIID, or Solicitation number match with USAspending.gov or FedBizOpps (fbo.gov) this data will be auto populated for awarded and pre-award, post-solicitation IT acquisitions.

2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why: \_\_\_\_\_

The solicitation listed above RRB11Q035 is for professional/ technical support services for the pre-migration phase of the project. This is an acquisition of services to define the RRB's Financial Management System/Shared Services (FMS-SS) requirements, for development of the Statement of Objectives/Statement of Work, and other elements of the Solicitation for the FMS-SS. This solicitation is not of the scope and complexity for which EVM would be required. The RRB, in reviewing and defining the requirements for the FMS-SS and determining its final acquisition approach for those services, will fully review the federal acquisition regulatory and policy requirements for use of EVM in that Systems acquisition. RRB will incorporate such EVM requirements, as appropriate, into our FMS-SS acquisition, forecast to be conducted in FY2013 subject to OMB approval and funding of this systems acquisition request.

## RAILROAD RETIREMENT BOARD

### Proposed Legislative Program for Fiscal Year 2013

#### Agency's Legislative Program Proposals

1. **Amend the Railroad Retirement Act to provide that, notwithstanding any other law, employees of covered employers shall be issued social security numbers.**

Under Immigration and Naturalization Service rules governing when non-resident aliens may be issued a social security number, non-citizens who reside outside the United States do not qualify for social security numbers. However, employers covered under the Railroad Retirement Act are required to report employee earnings to the Railroad Retirement Board using a social security number.

Consequently, the Railroad Retirement Board is unable to readily retrieve an individual record for approximately 300-400 employees annually, primarily railroad employees who reside in Canada and perform some of their railroad work in the United States.

Under this proposal, all railroad employees must be given social security numbers, which would facilitate the processing of earnings records of railroad employees who are not resident in the United States.

2. **Amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies.**

Section 7(b)(9) of the Railroad Retirement Act contains language requiring that all employees of the Railroad Retirement Board, except for one assistant for each Board Member, must be hired under the competitive civil service.

Elimination of this requirement would enable the Railroad Retirement Board to use various hiring authorities offered by the Office of Personnel Management.

**RAILROAD RETIREMENT BOARD**

**Relationship of Programs to Account Structure**  
**(in thousands of dollars)**

	<u>2013 Estimates</u>	
	<u>Budget Authority</u>	<u>Outlays</u>
60-0111-0-1-601		
Dual Benefits Payments Account.....	45,001	45,001
60-0113-0-1-601		
Federal Payments to the Railroad Retirement Accounts.....	1,101,529	1,101,529
60-8010-0-7-601		
Social Security Equivalent Benefit Account.....	6,837,000	6,812,000
60-8011-0-7-601		
Railroad Retirement Account.....	4,938,000	4,926,000
60-8118-0-7-601		
National Railroad Retirement Investment Trust.....	2,157,000	2,157,000
60-8237-0-7-601		
Limitation on Administration		
Agency Request level .....	117,719	117,719
OMB Guidance level .....	103,412	103,412
OMB Reduced level.....	97,969	97,969

**RAILROAD RETIREMENT BOARD**

**Relationship of Programs to Account Structure**  
**(in thousands of dollars)**

<u>Summary</u>	<u>2013 Estimates</u>	
	<u>Budget Authority</u>	<u>Outlays</u>
Federal funds (see previous page) <sup>1/</sup> .....	1,146,530	1,146,530
Trust funds (see previous page) <sup>2/</sup> .....	13,932,000	13,895,000
Deductions for offsetting receipts:		
Intrafund transactions (OASDI transfer) <sup>3/</sup> .....	(4,007,500)	(4,007,500)
Intrafund transactions (NRRIT transfers) <sup>3/</sup> .....	(2,075,000)	(2,075,000)
Proprietary receipts from the public <sup>4/</sup> .....	(547,800)	(547,800)
Interfund transactions <sup>5/</sup> .....	<u>(1,101,529)</u>	<u>(1,101,529)</u>
<b>TOTAL</b>	<b><u>7,346,701</u></b>	<b><u>7,309,701</u></b>

<sup>1/</sup> Represents budget authority and outlays for the Dual Benefits Payments Account and the Federal Payments to the Railroad Retirement Accounts.

<sup>2/</sup> Represents budget authority and outlays for the Social Security Equivalent Benefit Account, the Railroad Retirement Account, and the National Railroad Retirement Investment Trust (NRRIT). Excludes the Limitation on Administration.

<sup>3/</sup> Represents the financial interchange transfer amount of \$4,007,500,000 expected from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds and a transfer of \$2,075,000,000 from the NRRIT to the Railroad Retirement Account.

<sup>4/</sup> Estimate of interest and dividends on non-Federal securities earned by the NRRIT.

<sup>5/</sup> Represents budget authority and outlays for the Federal Payments to the Railroad Retirement Accounts.

**RAILROAD RETIREMENT BOARD****Program Evaluation Agenda as of July 2011****Medicare**

- *Contractor evaluation*  
RRB's Unemployment & Programs Support Division evaluates operations of the Medicare Part B contractor serving RRB annuitants. The evaluations include measuring the contractor's performance against established criteria and standards for the Medicare program.  
Frequency: Series of reviews each year
- *Validation and special studies*  
RRB's Policy and Systems (P&S) and Program Evaluation and Management Services (PEMS) components work together to perform various validation and special reviews to provide management assurance that specific processes are operating as designed or to identify problems or identify waste, fraud or abuse.  
Frequency: Ad hoc

**Retirement and Survivor Benefits**

- *Quality assurance analysis*  
PEMS develops case and payment accuracy statistics for application processing and post-adjudication processing through reviews of randomly sampled process outputs. These statistics are key indicators of the effectiveness of various processes within the retirement and survivor program and are reported in RRB's Performance and Accountability Report (P&AR).  
Frequency: Series of reviews each year
- *Medical vendor reports*  
PEMS prepares performance reports on the timeliness of consultative medical examinations and medical opinions provided by contract providers for disability cases. The reports show vendor performance against standards specified in the contract.  
Frequency: Monthly
- *Occupational disability reports*  
PEMS reports on the volumes of occupational disability decisions completed during the month, and provides breakdowns of the decisions by process, body systems, job types, and costs.  
Frequency: Monthly
- *Occupational Advisory Committee Review*  
Advisory doctors, representing the rail industry (labor and management) are authorized by law to review agency medical decisions.  
Frequency: Periodic

## **RAILROAD RETIREMENT BOARD**

### **Program Evaluation Agenda as of July 2011**

- *Occupational Disability Quality Assurance Reviews*  
Consulting physicians under contract with the agency perform a quality review of documentation of disability determinations to ensure adequate support for the medical decisions.  
Frequency: Quarterly
- *Disability Program and Data Analysis*  
A Disability Program and Data Analysis Officer was hired in 2010 to conduct ongoing data reviews to proactively seek out and identify potential program vulnerabilities.
- *Reconsideration reversal of disability determinations*  
Operations reports on the number of, and reasons for, reversals of initial disability determinations at the first step of the appeals process and tracks trends over time.  
Frequency: Annual

### **Unemployment and Sickness Insurance Benefits**

- *Review of claims processing*  
PEMS conducts an end-of-line review of randomly selected unemployment and sickness insurance claims to determine whether they were correctly adjudicated. Reports provide statistics of case and payment accuracy used in RRB's P&AR.  
Frequency: Annual

### **Railroad Retirement/Survivor and Unemployment/Sickness Insurance Benefits**

- *Debt reports*  
PEMS prepares comparisons of Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) entitlement debt from year to year.
  - RRA reports include categories of debt, number of debts established, dollar amounts of debts established, the number of debts related to cases in pay status, and ratios for the number of debts to cases in pay status and the amount of debt to dollars of RRA benefits paid.
  - RUIA reports include categories of debt, number of debts established, dollar amount of debts established, amount of benefits paid, number of claims received, and ratios for the number of debts to claims and the amount of debt to the amount of RUIA benefits paid.
 Frequency: Annual
- *Validation and special studies*

**RAILROAD RETIREMENT BOARD****Program Evaluation Agenda as of July 2011**

PEMS performs various validation and special reviews to provide management assurance that specific processes are operating as designed or to identify problems or identify waste, fraud or abuse.

Frequency: Ad hoc

➤ *Program integrity*

PEMS prepares a report of the volumes, dollars, and time spent on all program integrity activities conducted throughout the agency. The report provides a benefit/cost ratio for overall program integrity activities which is included in the P&AR.

Frequency: Annual

➤ *Customer service*

PEMS consolidates agency customer service data and reports actual performance in meeting published customer service timeliness standards.

Frequency: Semi-annual

➤ *American Customer Service Index (ACSI)*

PEMS coordinates surveys of various customer segments with the Federal Consultant Group and their affiliates from the University of Michigan. This may include telephone surveys of core benefit groups such as retirement, survivor, disability or unemployment/sickness beneficiaries, and year-long, on-line surveys of visitors to the agency website.

Frequency: Periodic (as funding allows)

➤ *Annual Federal Managers' Financial Integrity Act (FMFIA) certifications*

Responsible officials throughout the agency perform annual certifications under the FMFIA of various programs and processes. The purpose of the review is to ensure that there are effective internal controls in place.

Frequency: Series of reviews each year

➤ *Improper payments*

PEMS develops estimates of improper benefit payments as required by the Improper Payments Information Act and defined by OMB guidance. The results of this analysis are included in the agency's P&AR.

Frequency: Annual for the Railroad Retirement Act program; Periodic for the Railroad Unemployment Insurance Act program (based on a waiver of reporting authorized by OMB in fiscal year 2009).

## RAILROAD RETIREMENT BOARD

**Schedule of Program Evaluation Resources**  
**(in thousands of dollars)**

<u>ORGANIZATIONAL AREA</u>	2011			2012			2013		
	BA	O	FTE	BA	O	FTE	BA	O	FTE
<u>Operations</u>									
In-house costs: FTE	319	319	3	319	319	3	325	325	3
Other	<u>14</u>	<u>14</u>	<u>n/a</u>	<u>25</u>	<u>25</u>	<u>n/a</u>	<u>26</u>	<u>26</u>	<u>n/a</u>
Subtotal	333	333	3	344	344	3	351	351	3
 <u>Program Evaluation and Management Services</u>									
In-house costs: FTE	1,691	1,691	14	1,691	1,691	14	1,724	1,724	14
Other	<u>41</u>	<u>41</u>	<u>n/a</u>	<u>82</u>	<u>82</u>	<u>n/a</u>	<u>41</u>	<u>41</u>	<u>n/a</u>
Subtotal	1,732	1,732	14	1,773	1,773	14	1,765	1,765	14
 <u>Agency totals</u>									
In-house costs: FTE	2,010	2,010	17	2,010	2,010	17	2,049	2,049	17
Other	<u>55</u>	<u>55</u>	<u>n/a</u>	<u>107</u>	<u>107</u>	<u>n/a</u>	<u>67</u>	<u>67</u>	<u>n/a</u>
Subtotal	2,065	2,065	17	2,117	2,117	17	2,116	2,116	17

## **RAILROAD RETIREMENT BOARD**

### **Financial Management**

#### **Vision Statement**

The Railroad Retirement Board (RRB) is committed to integrated and automated financial management systems that focus on the agency's mission and accountability. RRB strives to maintain an environment in which program and financial managers work in partnership to ensure the integrity of financial information and use that information to make decisions, measure performance, and monitor outcomes. In this environment, we envision integrated financial management systems with appropriate internal review and controls that provide agency managers with timely, accurate, and easily accessible information. We expect managers throughout the agency to use that information to achieve program objectives in a cost-effective manner and to ensure accountability.

#### **RRB's Financial Management System**

Accomplishment of this vision requires an accurate, timely, reliable, and flexible source for all financial and management information within the framework of requirements established by legislative mandates, the Government Accountability Office, the Office of Management and Budget (OMB), and the Department of the Treasury (Treasury).

RRB's strategy is to upgrade its financial system structure by migrating to a designated financial system shared service provider (SSP) in order to meet evolving standards and requirements. Core financial management functions are currently centralized in a legacy mainframe-based system (the Federal Financial System – FFS) which continues to be under a maintenance contract between RRB and CGI. Although FFS met the Core Financial System Requirements that were established by the former Joint Financial Management Improvement Program (subsequently known as the Financial Systems Integration Office (FSIO)), including support of the U.S. Government Standard General Ledger and prompt payment legislation requirements, the 2010 FFS Assessment and Study showed that it no longer meets all the requirements. The study also concluded that maintenance of the system will be placed at increasingly high risk due to loss of experienced staff and difficulty in replacing the skill sets needed to support the legacy software.

FFS, in its current configuration, supports budget formulation and execution, general ledger and trust fund accounting, procurement and accounts payable, and inventory control. (A separate Program Accounts Receivable (PAR) system originally developed using an accounts receivable component of FFS, supports management of receivables arising from benefit payment programs, and complies with debt collection legislation.) In order to successfully migrate its core financial system requirements to a shared service provider, RRB has retained the services of a contractor to assist in preparing an OMB Exhibit 300 (Capital Asset Plan and Business Case Summary) for submission with its fiscal year 2013 budget request to secure the Development/ Modernization/ Enhancement (DME) funding required for migration. In addition, the fiscal year 2011 budget was re-aligned to maintain a sensitive schedule for migration by funding contractual services for pre-migration activities, chiefly the preparation of a statement of work (SOW) which will contain a

## RAILROAD RETIREMENT BOARD

### Financial Management

complete description of the financial management requirements of the RRB that covers the complete range of focus that the new SSP system must address. The RRB's current plan calls for fiscal year 2012 pre-migration activities led by a Board-approved FFS Migration Integrated Project Team, migration during fiscal year 2013, and production in the SSP's hosted environment by fiscal year 2014.

RRB currently utilizes shared service providers for several E-Government functions. RRB uses the travel management services of the Bureau of the Public Debt for change-of-station, and has contracted with Carlson Wagonlit Government Travel (CWGT) to host its electronic travel authorization and vouchering functions under the guidance of the General Services Administration (GSA) Program Management Office (PMO) which provides oversight for E-Government travel. RRB implemented an E-Government travel system with CWGT on September 30, 2006, in compliance with PMO's prescribed completion date for all agencies.

RRB payroll and human resources system support was transferred to GSA in June 2004, as part of the initiative to consolidate Federal Government payroll operations. Data files containing payroll expenses, transit benefit deductions and labor distribution costs are telecommunicated from GSA and support RRB's financial accounting, transit benefit, and cost accounting systems, respectively.

RRB Enterprise-Wide Technical Architecture is providing ever-increasing inter-connectivity between RRB's headquarters mainframe, networks, and intranet (Boardwalk); improved environmental security; enhanced network reconfiguration capabilities; and scalable bandwidth to support imaging, the intranet, and future needs. This enables RRB staff to operate more efficiently and effectively while performing fiscal administrative tasks, including collection and dissemination of financial management information and guidance.

A virtual private network extends the efficiency and effectiveness of these systems to RRB field staff by providing full access to all RRB internal systems from remote locations through a secure platform.

### Goals and Plans

To guide RRB in continually upgrading and improving its financial systems structure, the Chief Financial Officer has established broad financial management planning goals and implementing plans to fully realize the overall financial management objectives. The goals and the plans, in priority order, are as follows:

- A. COMPLIANCE.** Ensure that financial operations continued to comply with applicable laws, regulations, standards, and guidelines and conform to financial systems, management controls, and information resources management requirements and standards.

## RAILROAD RETIREMENT BOARD

### Financial Management

Plan: Integrate financial system automation requirements into RRB's *Strategic Information Resources Management Plan* and into the guiding principles, information requirements, and environmental trends of RRB's Enterprise Architecture.

Continue utilizing system administration and IT staff to make targeted upgrades to the current financial system in order to comply with all applicable laws, regulations, and Board Orders. Migrate the current core financial system to a shared service provider (SSP) as recommended by the "FFS Assessment and Reporting Study," which is a comprehensive evaluation of RRB's core financial system (FFS) completed in 2010. The assessment considered FSIO requirements, audit and statutory requirements, the agency's financial management system, and its business architecture.

Implement recommendations of RRB's Inspector General arising from annual audits of the financial statements and other reviews of the financial operations of RRB.

Provide for ongoing review of financial management controls in conjunction with the Management Control Review Program.

Status: This goal is being met.

**B. PERFORMANCE.** Pursue strategies to increase the use of performance information to generate and support systematic performance measurement.

Plan: Tie management and policy purposes to performance reporting in order to tell how much service is provided, but also how well and efficiently. (Integrate purpose and output.)

Identify operating strengths and weaknesses, target areas for improvement, and recognize improvements when they occur (management activity).

Gauge the quality of services through the extent to which program objectives are being achieved (outcome).

Include performance plan requirements in migration to an SSP to generate information that reveals the program's past performance and reflects performance expectations for the future.

Status: This goal is being met.

## RAILROAD RETIREMENT BOARD

### Financial Management

**C. EFFICIENCY.** Reduce redundant data entry, storage, and processing, and minimize human intervention.

**Plan:** Analyze additional automated interfaces among the benefit program payment systems and, as recommended by the “FFS Assessment and Reporting Study,” determine data conversion requirements for migration to a shared service provider.

Implement paperless dissemination of financial management information and guidance and paperless collection of financial information wherever appropriate and practical.

Implement paperless drafting, editing, reviewing, and finalizing of written products.

Keep current with Treasury’s “paperless” financial systems initiative by expanding on-line links to Treasury, the Internal Revenue Service, and RRB’s financial depositories. These links are replacing paper forms and reports and computer tapes as the primary method of exchanging financial information.

**Status:** Implementation of automated downloads of data to the quarterly financial statements eliminated all manual data entry from trial balance reports to the financial statements.

Automation of interfaces between the benefit payments systems, PAR, and FFS has been recommended. Due to limitations of the legacy benefit payment systems, automation has been limited to providing a common point of control for entry of recoveries into the PAR system.

Paperless collection and dissemination of financial information is progressing well. Financial statements, justification of budget requests, Congressional testimony on budget and management issues, and actuarial reports are available to the public on RRB’s website ([.rrb](http://.rrb)).

Budget preparation, management control, Prompt Payment Act, and transit benefit program guidance is available to all RRB staff on Boardwalk.

GSA’s personnel and payroll systems allow RRB employees to view and update selected information in their records.

## RAILROAD RETIREMENT BOARD

### Financial Management

Paperless methods of drafting, editing, reviewing, and finalizing written materials are being used for various products.

RRB is current with Treasury's paperless initiatives.

#### **D. ACCESS.** Improve and facilitate user access to financial information.

**Plan:** Use existing off-the-shelf management information software products that can supplement the existing core financial systems by retrieving information from the mainframe software in end-user specified formats or office suite formats, with the intent of meeting user requirements.

**Status:** Data retrieval software products currently give users the ability to extract data from FFS and other mainframe databases in a wide variety of formats, including text reports, spreadsheets, and database tables without involving technical staff.

Consumable supplies are procured on-line through the Internet website of a competitively selected vendor.

We will perform a full requirements analysis to determine the complete user access requirements to financial information as recommended by the assessment of RRB's core financial system completed in 2010.

#### **E. SUPPORT.** Identify requirements for financial systems support to ensure timely and complete accomplishment of current, expanded, and new activities.

**Plan:** Maintain adequate levels of internal system analyst staffing, and provide training to all staff as appropriate.

Define system and application needs that are essential in performing current, expanded, and new activities.

Integrate new and revised financial system automation requirements into RRB's *Strategic Information Resources Management Plan* and into the guiding principles, information requirements, and environmental trends of RRB's Enterprise Architecture.

**Status:** This goal is being met.

## RAILROAD RETIREMENT BOARD

### Financial Management

**F. SECURITY, CONTROL, AND DISASTER RECOVERY.** Improve security, control, and disaster recovery capability for information processed and stored on mainframe, local area network, and PC systems.

Plan: In accordance with agency-wide guidance, develop, test, and maintain a disaster recovery plan for financial systems.

Enhance system controls by providing continuous monitoring of changes to hardware, software, firmware, or the operational environment.

Status: This goal is being met within the agency-wide disaster recovery plan. We have made necessary updates to security plans, assessment reports, and the charts of controls.

### Audit of Financial Statements

RRB complies with OMB Circular A-136 regarding the independent audit of financial statements. The RRB's Office of Inspector General (OIG) funded fixed price contracts for fiscal years 1993 through 1996 to audit the financial statements. The OIG audited RRB's financial statements for fiscal years 1997 through 2010. The purpose of the audits is to determine whether the financial statements present fairly the financial position and the results of financial operations in conformity with generally accepted accounting principles.

The *Auditor's Report* on page 100 of RRB's Financial Statements for Fiscal Year 2010 concludes that the financial statements, including the accompanying notes, present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the financial position of the RRB, its consolidated net cost of operations and changes in net position, and combined budgetary resources as of and for the fiscal years ended September 30, 2010 and 2009; and financial condition of the railroad retirement program as of January 1, 2010, 2009, 2008, 2007, and 2006.

The *Auditor's Report – Emphasis of Matters* on page 101 of RRB's Financial Statements for Fiscal Year 2010 states:

#### NRRIT

Pursuant to the Railroad Retirement and Survivors' Improvement Act of 2001, the NRRIT is authorized to invest railroad retirement assets in a diversified investment portfolio. As of September 30, 2010, the reported value of the net assets of the NRRIT was approximately \$442 million higher than reported at September 30, 2009. The RRB discusses its relationship with the NRRIT in Note 2 and Note 5 to the financial statements,

## RAILROAD RETIREMENT BOARD

### Financial Management

and describes the impact of changes in the social insurance fund balance on actuarial projections in Note 15.

#### Financial Interchange

The RRB discloses transactions with related parties in Note 2 to the financial statements. The RRB, Social Security Administration and Centers for Medicare and Medicaid Services are parties to a financing arrangement described as a financial interchange. Under this arrangement, transfers-in from the Social Security Administration's Old-Age and Survivors Insurance and Disability Insurance trust funds and transfers-out to the Federal Health Insurance trust fund represented approximately \$4 billion (net), or about 35% of the financing sources reported on the RRB's statement of changes in net position for FY 2010 before considering the change in the reported value of NRRIT net assets. For FY 2009, financial interchange transfers of \$4 billion (net) represented about 37% of the financing sources reported before considering the reduction in the reported value of NRRIT assets.

The *Auditor's Report – Compliance with Laws and Regulations* on page 103 of RRB's Financial Statements for Fiscal Year 2010 states as follows:

Our tests of the RRB's compliance with selected provisions of laws and regulations for FY 2010 disclosed no instances of non-compliance that are reportable under U.S. generally accepted government auditing standards or OMB guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

The OIG identified two material weaknesses in its *Consideration of Internal Control*, from which excerpts follow.

#### Material Weaknesses

##### Information Security

During FY 2010 the OIG evaluated the RRB's information security program pursuant to the provisions of the Federal Information Security Management Act of 2002 (FISMA). OIG auditors concluded that although the agency addressed the significant deficiency in access controls, some weaknesses continue to exist. However, weaknesses regarding the certification and accreditation process remain unresolved. Although a more detailed review process is being performed by the agency, changes in the agency's certification and accreditation control process are not yet sufficient.

RRB managers are working to address this weakness.

**RAILROAD RETIREMENT BOARD****Financial Management****Internal Control Over Non-integrated Sub-Systems**

The RRB's financial reporting control structure is not comprehensive with respect to the reconciliation of the general ledger to non-integrated subsystems. The OIG previously reported this issue as a result of its audits of the agency's financial statements performed during FYs 2000, 2001, 2008 and 2009.

During the fourth quarter of FY 2010, the agency created an inventory of the various non-integrated systems that support financial accounting. Although this shows that progress is being made to address this material weakness, the agency has not yet implemented a comprehensive reconciliation process with adequate separation of duties.

RRB managers are working to address this weakness.

## **Electronic Funds Transfer/Vendor Express**

### **Electronic funds transfer (EFT)**

The Debt Collection Improvement Act of 1996 requires that most Federal payments, with the exception of tax refunds, be made by electronic funds transfer (EFT), also known as Direct Deposit. This includes monthly railroad retirement, survivor and disability benefits, as well as biweekly unemployment and sickness insurance benefits.

Treasury recently amended its regulations to require recipients of Federal nontax payments to receive payment by EFT, effective May 1, 2011. The effective date is delayed until March 1, 2013, for individuals who were receiving Federal payments by check on May 1, 2011, and for individuals who filed claims for Federal benefits before May 1, 2011, and requested check payments when they filed. Individuals who do not choose Direct Deposit of their payments to an account at a financial institution, would be enrolled in the Direct Express<sup>®</sup> Debit MasterCard<sup>®</sup> card program, a prepaid card program established pursuant to terms and conditions approved by Treasury. The EFT requirement is waived for recipients born prior to May 1, 1921, who are receiving payments by paper check on March 1, 2013; for payments not eligible for deposit to a Direct Express<sup>®</sup> prepaid card account; and for recipients whose Direct Express<sup>®</sup> card has been suspended or cancelled. In addition, this rule establishes the criteria under which a payment recipient may request a waiver if the EFT requirement creates a hardship due to his or her mental impairment or remote geographic location.

RRB has traditionally had strong participation in the Direct Deposit program, and the percentage of payments and dollars made by EFT continues to increase among retirement, survivor and disability beneficiaries.

RRB began offering Direct Express<sup>®</sup> to Railroad Retirement Act (RRA) beneficiaries in March 2011. As of July 1, 2011, there are 503 beneficiaries enrolled in the program. Additionally, RRB began offering International Direct Deposit (IDD) in April 2011 to RRA beneficiaries who reside in foreign countries. As of July 1, 2011, there are 561 beneficiaries enrolled in the IDD program.

RRB is currently working with Treasury on program changes that will allow child support payments, that are withheld from RRB benefits and paid to State agencies, to be made by EFT. The target date for completion of the changes is calendar year 2011.

The chart on the following page shows a comparison of EFT payments with non-EFT payments during fiscal year 2011 (through June).

**Electronic Funds Transfer/Vendor Express**

<b><u>Payment Type</u></b>	<b><u>Direct Deposit</u></b>	<b><u>Treasury Check</u></b>
<b><u>RRA</u></b> <sup>1/</sup>		
Number of payments	4,786,177	481,694
Percent of payments	90.9%	9.1%
Amount of payments	\$7,962,853,237	\$616,556,523
Percent of RRA payment amount	92.8%	7.2%
<b><u>RUIA</u></b> <sup>2/</sup>		
Number of payments	143,719	15,186
Percent of payments	90.4%	9.6%
Amount of payments	\$88,660,835	\$8,222,745
Percent of RUIA payment amount	91.5%	8.5%

<sup>1/</sup> In June 2010, 89.8 percent of RRA payments were through EFT; in June 2011, 90.9 percent of RRA payments were through EFT.

<sup>2/</sup> In June 2010, 91.2 percent of RUIA payments were through EFT; in June 2011, 90.4 percent of RUIA payments were through EFT.

**Vendor Express**

Vendor Express is the payment system used to make EFT payments to RRB vendors. Vendor Express payments during fiscal year (through June) compare with payments made by Treasury check as follows:

	<b><u>Vendor Express</u></b>	<b><u>Treasury Check</u></b>
Number of payments (invoices)	10,124	874 <sup>a/</sup>
Percent of payments	92.1%	7.9%
Amount of payments	\$9,550,936	\$2,353,471
Percent of payment amount	80.2%	19.8%

<sup>a/</sup> In some cases, multiple invoices were paid with a single check. The total number of checks prepared was 787.

# Space Budget Justification

I.	Agency:	Railroad Retirement Board
	Bureau:	Railroad Retirement Board
	GSA Bureau Code:	6000
	Date:	September 8, 2011

## Railroad Retirement Board

(obligations in thousands of dollars)

		PY		CY		BY		BY+1	
		SQ FT	\$						
OMB approved inflation factor:			1.70%		1.70%		1.70%		1.70%
<b>PART 1: RENTAL PAYMENTS TO GSA</b>									
II.	GSA rent estimate	402,867	\$7,998	402,867	\$7,128	402,867	\$7,211	402,867	\$7,334
III.	From Worksheet TAB Agency adjustments to the bill:								
	Corrections PY Chargebacks:	0	\$0	0	\$0	0	\$0	0	\$0
	Other adjustments (Trust Fund)	0	(\$4,498)	0	(\$3,428)	0	(\$3,411)	0	(\$3,469)
	Statutorily imposed rent caps	0	\$0	0	\$0	0	\$0	0	\$0
III.	Planned changes to inventory:								
	PY PY	0	\$0	0	\$0	0	\$0	0	\$0
	CY CY			0	\$0	0	\$0	0	\$0
	BY BY					0	\$0	0	\$0
	BY+1 BY+1							0	\$0
IV.	Requested program changes:								
	PY PY								
	CY CY			0	\$0				
	BY BY					0	\$0		
	BY+1 BY+1							0	\$0
<b>Total, net rental payments to GSA</b>		<b>402,867</b>	<b>\$3,500</b>	<b>402,867</b>	<b>\$3,700</b>	<b>402,867</b>	<b>\$3,800</b>	<b>402,867</b>	<b>\$3,865</b>

# Space Budget Justification

I.	Agency:	Railroad Retirement Board
	Bureau:	Railroad Retirement Board
	GSA Bureau Code:	6000
	Date:	September 8, 2011

## Railroad Retirement Board

(obligations in thousands of dollars)

	PY		CY		BY		BY+1	
	SQ FT	\$	SQ FT	\$	SQ FT	\$	SQ FT	\$
OMB approved inflation factor:		1.70%		1.70%		1.70%		1.70%
<b>PART 1.A: FUNDING SOURCES FOR RENTAL PAYMENTS to GSA</b>								
<u>Funded by direct appropriations:</u>								
Account title and ID code:								
Acct. 1	Limitation on Administration (60-8237-o-7-601)	\$3,500		\$3,700		\$3,800		\$3,865
Acct. 2		\$0		\$0		\$0		\$0
Acct. 3		\$0		\$0		\$0		\$0
Acct. 4		\$0		\$0		\$0		\$0
Acct. 5		\$0		\$0		\$0		\$0
Acct. 6		\$0		\$0		\$0		\$0
Acct. 7		\$0		\$0		\$0		\$0
Acct. 8		\$0		\$0		\$0		\$0
Subtotal, direct appropriations		\$3,500		\$3,700		\$3,800		\$3,865
<u>Funded by other sources:</u>								
Account title and ID Code:								
Acct. 1		\$0		\$0		\$0		\$0
Acct. 2		\$0		\$0		\$0		\$0
Acct. 3		\$0		\$0		\$0		\$0
Acct. 4		\$0		\$0		\$0		\$0
Acct. 5		\$0		\$0		\$0		\$0
Acct. 6		\$0		\$0		\$0		\$0
Subtotal, other funding sources		\$0		\$0		\$0		\$0
<b>Total funding sources (object class 23.1)</b>		<b>\$3,500</b>		<b>\$3,700</b>		<b>\$3,800</b>		<b>\$3,865</b>
<b>Control difference</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>
<b>PART 2: RENTAL PAYMENTS TO OTHERS</b>								
<u>Non-Federal sources (object class 23.2)</u>								
<u>Federal sources (object class 25.3)</u>								
<b>Total rental payments to others</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>

**RAILROAD RETIREMENT BOARD**

**Employee Relocation Costs**

<b>Budget Object Code</b>	<b>2011 Budgeted</b>	<b>2012 Planned</b>	<b>2013 Proposed</b>	<b>2013 OMB Guidance</b>	<b>2013 OMB Reduced</b>
126. Change-of-station	\$ 130,000	\$ 180,000	\$ 180,000	\$ 120,000	\$ 120,000
210. Travel	2,400	3,000	3,000	2,000	2,000
220. Transportation of things	24,000	36,000	36,000	24,000	24,000
252. Government contracts	26,250	40,000	40,000	40,000	40,000
255. Storage of household goods	15,000	22,500	22,500	15,000	15,000
Total	\$ 197,650	\$ 281,500	\$ 281,500	\$ 201,000	\$ 201,000

## **RAILROAD RETIREMENT BOARD**

### **Wellness Initiatives**

The Railroad Retirement Board in Chicago, Illinois has an in-house Employee Health Service (EHS), staffed by a Registered Professional Nurse who provides employees with opportunities for health promotion activities and preventative health services. Examples of these are various types of screenings, health education sessions, flu immunizations, yoga and body recall exercise classes, a smoking cessation program and a weight loss (Weight Watchers) program. These programs are offered at the worksite and are open to all interested headquarters employees. Some of the programs are also offered to employees in the agency's field offices. Administrative leave is granted to the headquarters employees who participate in the screenings, immunizations and education sessions. Listed below is a summary of the programs and services that have been made available to employees.

**Exercise classes** are offered on an ongoing basis once a week during lunch time. The RRB has been providing the funding for yoga classes since March 2010. In fiscal year 2011, body recall exercise classes were also offered once a week during lunch time. The classes focused on strengthening, stretching and flexibility exercises.

The goal of the **Cardiovascular Disease, Risks and Prevention Program** is to lower the risk of developing cardiovascular disease by providing education, screenings, fitness opportunities, and referral services to employees.

In conjunction with American Heart Month in February, a Cholesterol and Hypertension Screening Program is offered to employees at no cost. The cholesterol screening consists of a lipoprotein profile, which provides information about the various significant components of cholesterol. The agency's nurse meets with each employee and reviews the results, counsels the employee on diet/lifestyle changes, answers questions and makes appropriate referrals. The employees also have their blood pressure checked with this program. Any individual with abnormal cholesterol and/or blood pressure results is referred to their physician for further evaluation and is encouraged to return to EHS on a regular basis to have their blood pressure checked.

In addition, a follow-up informational session is offered. Each time this program has been presented, the session has focused on a different topic. Examples are: developing a physically active lifestyle, presented by an exercise physiologist; information on hypertension and stroke, presented by a physician; and a session about heart disease, also presented by a physician.

The **Cholesterol and Hypertension Screening Program** is offered on an annual basis so that employees can evaluate the effectiveness of lifestyle changes they have made.

In conjunction with **National Nutrition Month** in March, programs have been offered on low fat diets, vitamins, fad dieting and how to incorporate dietary lifestyle changes. These sessions have been presented by licensed dietitians.

## **RAILROAD RETIREMENT BOARD**

### **Wellness Initiatives**

A **Smoking Cessation Program** is offered to employees on an annual basis if there is sufficient interest. The program consists of at least six, one-hour sessions designed to address all the aspects of quitting, and includes information on the risks of various cancers, stroke, heart disease, lung disease and the dangers of second-hand smoke. Funding is also available for any agency employee who wants to participate in a smoking cessation program and use the various aids to help them quit.

**Fasting Blood Glucose Screening** for diabetes is offered to interested employees on an annual basis. Diabetes is not only a chronic medical problem that requires monitoring of blood sugar levels, it is frequently accompanied by cardiovascular, kidney, eye and neurological complications. An informational session focusing on diagnosis, symptoms, complications and treatment is presented by a physician specializing in internal medicine and diabetes. Appropriate referrals are made to any employee who has an abnormal result. Free blood sugar monitors are provided to employees who attend.

The Railroad Retirement Board has also established an in-house **Employee Assistance Program** (EAP), which provides short-term counseling and referral for RRB employees and their family members. The EAP provides counseling for a variety of personal problems and job concerns which can adversely affect the employee's work performance and conduct. Problems may include alcoholism, substance abuse, financial, marital and family distress, mental or emotional illness, job stress and legal matters. As required, the EAP counselor refers employees to appropriate external sources for treatment, rehabilitation, information or other support. Where necessary, the EAP counselor monitors the employee's progress through treatment and rehabilitation.

The EAP counselor and the agency's nurse have collaborated on programs for employees dealing with depression, drug and alcohol abuse awareness, and stress management, utilizing the expertise of well-known facilities such as Hazelden Substance and Alcohol Abuse Treatment Center and The National Depressive and Manic Depressive Association.

**AIDS Education.** Employees have been provided with a comprehensive AIDS/HIV education session which all agency employees attended. The agency's nurse provides up-to-date information to employees as needed, as well as numerous confidential referral services. Publicity for the annual "World AIDS Day" is distributed throughout the agency.

**Cancer Programs,** focusing on early detection, treatment and recommended screening schedules, are presented by organizations such as the American Cancer Society and the Breast Cancer Network of Strength.

## RAILROAD RETIREMENT BOARD

### Wellness Initiatives

**First Aid Education** has been offered to employees by the American Red Cross, and the RRB maintains an in-house training program for cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) use. The Heartsaver AED classes, which are offered to all headquarters employees, are taught by other agency employees who volunteer their time and have successfully completed the Basic Life Support Instructor Training course taught by an instructor/trainer from Rush Presbyterian St. Luke's Medical Community Training Center (CTC). The Rush CTC follows the CPR guidelines of the American Heart Association. The RRB has six AED units which are placed strategically throughout the building.

**Influenza immunizations** are provided every year to all interested headquarters employees. In fiscal year 2011, a total of 365 employees were immunized for seasonal flu which also included the H1N1 influenza vaccine.

In December 2010, the RRB opened the **Employee Fitness Facility** in the headquarters building. Employees have access to three different types of cardio machines, as well as stretching, strengthening and balancing equipment and they can use the facility before work, during lunch time or after work.