

PERFORMANCE BUDGET



Fiscal Year 2012

Railroad Retirement Board

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Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2012 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 2012. 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 2012 for each performance goal, at the President's proposed budget level of \$112,239,000, is provided in the Exhibit. 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 2012, as part of our Performance and Accountability Report. The report will be audited 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 Government Performance and Results Act and was prepared by RRB employees.

***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 President's proposed budget level, we plan to allocate \$87,190,580 and 703 full-time equivalent employees (FTEs) to this goal. We have established two performance goals that focus on the specifics of achieving this strategic goal.

Performance Goal I-A: *Pay benefits accurately and timely.* The RRB is committed to ensuring that we pay the right benefits to the right people in a timely manner. We have a number of measures in place to track the accuracy and timeliness of the actions we take in a year regarding both Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) programs.

The principal indicators of **accuracy** are the benefit payment and case 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. (Payment accuracy is defined as the percentage of dollars paid correctly as a result of the adjudication action performed.) We have also established **case accuracy** goals (the percentage of cases paid without material error). At the proposed level of funding, we expect to meet case accuracy standards for at least 95 percent of initial cases handled under the RRA and at least 98 percent of those handled under the RUIA. To accomplish these goals, we will:

- *Monitor payment and case accuracy and the levels of improper payments, and identify problems.*
- *Provide feedback and take additional preventive actions as appropriate.*
- *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.*
- *Continue to look for ways to encourage employers to file accurate and timely annual service and compensation reports.*

Our performance in the area of benefit **timeliness** is also a key indicator of our customer service. We track our performance against customer service standards and have found that in fiscal year 2010, 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 2010**

- Retirement applications: 96.3%
(target: 93.6%)
- Survivor applications: 96.3%
(target: 95.4%)
- Disability applications/payments: 84.7%
(target: 84.4%)
- 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, the RRB initiated a survey of visitors to our agency website. We are working with the Federal Consulting Group and Foresee Results, a company that specializes in web survey analytics, to coordinate the survey. The survey is conducted over a 12-month period with quarterly reports on findings and recommended adjustments for improved client satisfaction.

The first quarterly review identified needed improvements in navigation from the agency home page. A usability audit review conducted by specialists at Foresee Results provided 10 actionable improvement recommendations to address the navigation needs expressed by our visitors; and, an action plan is being developed to implement those recommendations. We continue to monitor customer satisfaction with our website, and expect our next quarterly report to provide further insights.

Employer reporting

To correctly pay benefits, the RRB must receive timely and accurate reports of the compensation and service months of covered employees. It is the responsibility of the employer to provide these reports with respect to its employees. To ensure the receipt of accurate and timely annual reports, as well as the proper filing of other reports and forms, we

strive for a system of reporting which is easily understood, places minimal burden on employers and ensures compliance with the applicable laws. We will also continue to look for ways to encourage employers to file accurate and timely annual service and compensation reports.

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 based on a contract awarded through GSA-Network Universal to Qwest Government Services, Inc. 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 services.

Development is now underway on a system enhancement which would provide the ability to create "special announcement" messages in the IVR main menu. The special announcement messages will address, as they occur, important legislative or procedural changes which are likely to generate increased numbers of RRB customer calls. This enhancement is expected to be in production in early 2011. The RRB has also developed customized reports of both real-time and historical call data collected from the toll-free system. These reports are being used to identify customer usage trends and ensure that management decisions provide better overall telephone service to all RRB customers.

On October 30, 2010, we launched the RRB's newest online service, sickness benefit claims under the RUIA. This new service enables beneficiaries to submit their biweekly claims over the Internet, providing safety and convenience while expediting payments. Our next goal for sickness benefit claims is to develop the means to mechanically screen the claims submitted online to expedite prepayment verification with employers for those claims that do not require

further investigation. This enhancement will be completed in calendar year 2011. To evaluate and improve the public's experience with the sickness benefit claims and other online services, we are monitoring customer feedback via the ACSI survey of the RRB website described earlier.

Our completion of the on-line pre-payment and post-payment verification notices (Forms ID-4K and ID-4E) in fiscal year 2009 continues to be a great success. Through November 2010, we posted over 85,000 ID-4K notices and nearly 73,000 ID-4E notices on this system. Without the new system, these notices, which contain personally identifiable information (PII), would have been printed and mailed to the rail employers. Thus, the system has saved costs, as well as improved protection of PII and prevented improper payments. As of November 2010, the system served over 147 employers. We will continue to encourage all employers to take advantage of the secure benefits of this automated system.

In fiscal year 2010, we worked to convert Employer Reporting System (ERS) forms to ASP.Net programming, which is the programming platform that will be used in the future. This phase of the project is scheduled to be completed in April 2011. The agency also hired a contractor to begin development of the ERS Internet-based version of Form BA-3, Annual Report of Creditable Compensation, and Form BA-11, Report of Gross Earnings. This phase of the project will yield seven reporting services and replace several post reporting requests for information from employers. We also plan to begin work to automate access to the ID-40 series RUIA contribution and ID-6 series tax notices, resulting in two additional services.

Starting in fiscal year 2012, we plan to develop an automated referral process in ERS to notify employers of errors or the need for additional information and provide a means for correcting the data. We will also develop online processes for employers to respond electronically to requests for information, such as the GL-132, Service after Annuity Beginning Date form; the GL-99, Deemed Service questionnaire; and the Form G-88a series for service information needed for eligibility. When implemented, these will add four services to the system. Replacing these paper-based processes will improve customer service by speeding up initial annuity processing, and enhance stewardship by securing and protecting personally identifiable information.

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 President's proposed budget level, we plan to allocate \$25,048,420 and 199 FTEs to this goal. 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 projected, 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, 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.*
- *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 integrity of benefit programs. 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.

We measure the effectiveness of the program integrity efforts each year by comparing the dollars collected or 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.

To achieve our goals in this area, we will:

- *Maintain established matching programs.*
- *Continue our program integrity reviews.*

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. 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.

Most recently, the agency was 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 1122(a) of Public Law 111-84, which amended sections 8344 and 8468 of Title 5 of the United States Code. The agency was able to rehire five 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 February 2009, the RRB, with the contractual assistance of KPIT Cummins Infosystems (KPIT), successfully concluded a major project to develop an optimized database and synchronize it with legacy tables. KPIT continued to provide transitional assistance through calendar year 2010. Another consulting firm, Data Blueprint, also conducted a data management practice assessment which provided input to the agency’s data governance planning. RRB analysts and the data modeler have begun data governance groundwork, including plans for improving the database as the legacy tables are decommissioned and applications address the new database.

Fiscal Year 2012 Information Technology Capital Plan Investments	
<u>Contractual services</u>	
Mainframe DB2 database administrator expert services and dBase programming conversion services	\$ 500,000
Encrypted remote data backup services	400,000
Employer Reporting System (ERS) programming services	200,000
Emergency business system/application restoration services	<u>50,000</u>
Total, contractual services	\$1,150,000
<u>Equipment</u>	
Network infrastructure replacement	\$ 392,000
IT security systems and devices	254,000
Additional Microsoft SQL licenses	<u>14,000</u>
Total, equipment	\$660,000
Total amount requested for IT investments	\$1,810,000

They are also developing plans for security access rules for the new master database and change management. Implementation of the security, change management, and data governance plans should be completed during fiscal year 2011.

The Systems Modernization Project Plan – Phase I was established at the end of fiscal year 2009. 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. A Medicare modernization initiative was implemented in the first phase. 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 RUIA system is now scheduled to be the next system converted to access the master database.

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

The RRB relies heavily on information systems and on the public's trust in its work. Information security is therefore critical to RRB operations. The RRB's security program is built upon a foundation of proper security controls and safeguards, with a defense-in-depth risk management framework in a vigilant and comprehensive approach to protect against a variety of cyber threats. Our security program includes a variety of activities for ensuring the effectiveness of information security controls over information resources that support RRB operations and assets.

Annually, all employees and contractors are given IT security awareness training. Additionally, employees with significant security responsibilities receive specialized security training, and computer programmers, engineers and analysts receive job specific technical training.

All agency workstations meet United States Government Configuration Baseline (USGCB) security standards and are protected from malware by anti-virus and anti-spam utilities. The RRB network is monitored daily by means of a sophisticated intrusion detection/prevention system and a network access control device. Computer logs are collected, examined and analyzed using a log management system.

Security analysts perform vulnerability testing on all networked devices and applications to proactively identify and correct security issues before they can be exploited. The RRB has also initiated a comprehensive penetration testing program using "black box" methodology annually, where there is an assumption of no prior knowledge of the infrastructure to be tested. A Computer Emergency Response Team (RRB-CERT) composed of computer security analysts, supported by network engineers and desktop technicians further enhances the incident response capability. RRB-CERT utilizes a computer security forensic laboratory for conducting computer-based investigations.

The RRB's disaster recovery capability is tested with periodic backup site recovery exercises. Twice a year, RRB staff members go to our alternate site and perform test procedures to recover the entire mainframe production environment and specific critical local area network systems within a 24-hour period. The Bureau of Information Services supplements those off-site drills with table-top exercises at headquarters to ensure that recovery staff is fully prepared for emergency situations.

The RRB general support system and all major applications are certified and accredited as required by OMB regulations and Federal Information Security Management Act (FISMA) legislation. This includes annual security control monitoring to track changes to the information systems that may affect security controls and their effectiveness. "Least privilege" is enforced through an annual access review and re-authorization of users for every network subsystem.

Strategic Risk Management: The Chief Security Officer, who acts in the larger capacity of director of enterprise risk management, is responsible for strategic elements that include:

- Planning and integrating IT risk management policy, procedures and guidance.
- Assisting business units in implementing certification and accreditation of the RRB's major applications and general support systems.
- Coordinating security policy, assessing and underwriting security infrastructure and resource investments, and implementing effective enforcement solutions.
- Evaluating the existence and proper functioning of common security controls – that is, those controls that are shared within the agency and employed to ensure the confidentiality, integrity, and availability of systems and the data they contain.

Operational Risk Management: Various information technology and business unit managers are responsible for day-to-day monitoring and management of the risk posture of the agency including: the administration of access rights (e.g., passwords); ultimate accountability for the integrity of information assets usually associated with application design and information ownership; and, security operations processes (managerial, operational and technical controls).

Over the next few fiscal years, the Risk Management Group will:

- Continue implementing the National Institute of Standards and Technology (NIST) risk management framework by continuously monitoring security controls through the security certification and accreditation process.
- Provide assistance with implementation of the Microsoft system center configuration manager 2007 (SCCM).
- Provide assistance with the security control monitoring and re-authorization of the RRB's general support system and major applications.
- Acquire and implement an Internet gateway/whitelisting solution.
- Acquire and implement an upgraded Network Access Control Appliance to meet Defense in Depth requirements.
- Ensure agency-wide compliance with FISMA requirements through the oversight and direction of the Security and Privacy Committee.
- Take corrective actions to resolve audit recommendations.
- Assist in developing procedures that improve proper use of access controls of LAN/WAN and mainframe systems.
- Incorporate procedures for certification and accreditation into the system development life cycle in accordance with guidance and standards from NIST.
- Provide training for agency employees, and broaden the security education program for employees and contractors with responsibilities for information system security.
- Conduct and/or oversee ongoing system security reviews and tests, and develop associated reports.