
RAILROAD RETIREMENT BOARD



FISCAL YEAR 2015

BUDGET SUBMISSION



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

BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN
WALTER A. BARROWS, LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable Sylvia M. Burwell
Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Dear Ms. Burwell:

Enclosed is our budget request for fiscal year 2015. 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 the direct funding of \$119.7 million and provides a standard level of funding for 885 full time equivalents (FTEs). This level of staffing would enable the RRB to maintain succession planning efforts for current level of service as increasing numbers of experienced staff members plan to retire in the next few years. This budget level would also provide \$7.07 million for significant IT efforts which support mission delivery enhancements, legacy system migration to cloud services, and strengthening cybersecurity and risk management programs.

In compliance with guidance in OMB Memorandum M-13-14, dated May 28, 2013, our fiscal year 2015 budget submission also includes two OMB guidance levels of 5 and 10 percent reductions from the Railroad Retirement Board's (RRB) 2014 budget net discretionary total, respectively.

The OMB guidance 5 percent reduction level of the budget totals \$108.3 million, and provides sufficient funding for 860 FTEs, 2.8 percent less than our requested staffing level. Budget projections show that the agency could reach this level by relying on attrition. However, funding for IT investments would be eliminated, along with other miscellaneous reductions.

The OMB guidance 10 percent reduction level of the budget totals \$102.6 million and provides minimal funding for 803 FTEs, 9.3 percent less than our requested staffing. To reach this level of staffing, the agency would need to conduct a reduction-in-force (RIF) early in the fiscal year at an estimated cost of \$640,000 to reduce staffing by approximately 32 employees. Like the 5 percent reduction level, funding for IT investments would be eliminated, along with other miscellaneous reductions. Both lower levels significantly diminish succession planning and modernization efforts by the agency.

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2015 costs of vested dual benefits, \$34 million, with a 2 percent reserve of \$680,000. The RRB also requests \$665,389,632 for applicable military service credits through December 2011, with interest through September 3, 2013.

Finally, included in the budget submission are four agency legislative proposals. The first would amend the Railroad Retirement Act to require issuance of social security numbers to employees of covered railroad employers. The second would amend the Railroad Retirement Act to allow the RRB to use various hiring authorities offered by the Office of Personnel Management. The third would amend the Railroad Retirement Act to eliminate the Vested Dual Benefit Account. The final legislative proposal would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the agency.

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 2013 consist of valid obligations as defined in Section 1501(a) of that title.



Sincerely,

Original Signed
Michael S. Schwartz, Chairman
Walter A. Barrows, Labor Member
Jerome F. Kever, Management Member

September 19, 2013

Enclosure



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

BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN
WALTER A. BARROWS, LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

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

Dear Mr. President:

Enclosed is our budget request for fiscal year 2015. 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 the direct funding of \$119.7 million and provides a standard level of funding for 885 full time equivalents (FTEs). This level of staffing would enable the RRB to maintain succession planning efforts for current level of service as increasing numbers of experienced staff members plan to retire in the next few years. This budget level would also provide \$7.07 million for significant IT efforts which support mission delivery enhancements, legacy system migration to cloud services, and strengthening cybersecurity and risk management programs.

In compliance with guidance in OMB Memorandum M-13-14, dated May 28, 2013, our fiscal year 2015 budget submission also includes two OMB guidance levels of 5 and 10 percent reductions from the Railroad Retirement Board's (RRB) 2014 budget net discretionary total, respectively.

The OMB guidance 5 percent reduction level of the budget totals \$108.3 million, and provides sufficient funding for 860 FTEs, 2.8 percent less than our requested staffing level. Budget projections show that the agency could reach this level by relying on attrition. However, funding for IT investments would be eliminated, along with other miscellaneous reductions.

The OMB guidance 10 percent reduction level of the budget totals \$102.6 million and provides minimal funding for 803 FTEs, 9.3 percent less than our requested staffing. To reach this level of staffing, the agency would need to conduct a reduction-in-force (RIF) early in the fiscal year at an estimated cost of \$640,000 to reduce staffing by approximately 32 employees. Like the 5 percent reduction level, funding for IT investments would be eliminated, along with other miscellaneous reductions. Both lower levels significantly diminish succession planning and modernization efforts by the agency.

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2015 costs of vested dual benefits, \$34 million, with a 2 percent reserve of \$680,000. The RRB also requests \$665,389,632 for applicable military service credits through December 2011, with interest through September 3, 2013.

Finally, included in the budget submission are four agency legislative proposals. The first would amend the Railroad Retirement Act to require issuance of social security numbers to employees of covered railroad employers. The second would amend the Railroad Retirement Act to allow the RRB to use various hiring authorities offered by the Office of Personnel Management. The third would amend the Railroad Retirement Act to eliminate the Vested Dual Benefit Account. The final legislative proposal would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the agency.

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 2013 consist of valid obligations as defined in Section 1501(a) of that title.



Sincerely,

Original Signed
Michael S. Schwartz, Chairman
Walter A. Barrows, Labor Member
Jerome F. Kever, Management Member

September 19, 2013

Enclosure

cc: Honorable Barbara A. Mikulski
Chairwoman, Senate Committee on Appropriations

Honorable Richard C. Shelby
Ranking Member, Senate Committee on Appropriations

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

Honorable Jerry Moran
Ranking Member, Senate Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies





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

BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN
WALTER A. BARROWS, 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:

Enclosed is our budget request for fiscal year 2015. 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 the direct funding of \$119.7 million and provides a standard level of funding for 885 full time equivalents (FTEs). This level of staffing would enable the RRB to maintain succession planning efforts for current level of service as increasing numbers of experienced staff members plan to retire in the next few years. This budget level would also provide \$7.07 million for significant IT efforts which support mission delivery enhancements, legacy system migration to cloud services, and strengthening cybersecurity and risk management programs.

In compliance with guidance in OMB Memorandum M-13-14, dated May 28, 2013, our fiscal year 2015 budget submission also includes two OMB guidance levels of 5 and 10 percent reductions from the Railroad Retirement Board's (RRB) 2014 budget net discretionary total, respectively.

The OMB guidance 5 percent reduction level of the budget totals \$108.3 million, and provides sufficient funding for 860 FTEs, 2.8 percent less than our requested staffing level. Budget projections show that the agency could reach this level by relying on attrition. However, funding for IT investments would be eliminated, along with other miscellaneous reductions.

The OMB guidance 10 percent reduction level of the budget totals \$102.6 million and provides minimal funding for 803 FTEs, 9.3 percent less than our requested staffing. To reach this level of staffing, the agency would need to conduct a reduction-in-force (RIF) early in the fiscal year at an estimated cost of \$640,000 to reduce staffing by approximately 32 employees. Like the 5 percent reduction level, funding for IT investments would be eliminated, along with other miscellaneous reductions. Both lower levels significantly diminish succession planning and modernization efforts by the agency.

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2015 costs of vested dual benefits, \$34 million, with a 2 percent reserve of \$680,000. The RRB also requests \$665,389,632 for applicable military service credits through December 2011, with interest through September 3, 2013.

Finally, included in the budget submission are four agency legislative proposals. The first would amend the Railroad Retirement Act to require issuance of social security numbers to employees of covered railroad employers. The second would amend the Railroad Retirement Act to allow the RRB to use various hiring authorities offered by the Office of Personnel Management. The third would amend the Railroad Retirement Act to eliminate the Vested Dual Benefit Account. The final legislative proposal would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the agency.

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 2013 consist of valid obligations as defined in Section 1501(a) of that title.



Sincerely,

Original Signed
Michael S. Schwartz, Chairman
Walter A. Barrows, Labor Member
Jerome F. Kever, Management Member

September 19, 2013

Enclosure

cc: Honorable Harold Rogers
Chairman, House Committee on Appropriations

Honorable Nita M. Louey
Ranking Member, House Committee on Appropriations

Honorable Jack Kingston
Chairman, House Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

Honorable Rosa L. DeLauro
Ranking Member, House Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies



**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2015 BUDGET SUBMISSION**

Table of Contents

APPROPRIATION REQUESTS	<u>Page</u>
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 2015	20
Budget by Appropriation and Object Class	21
Explanation of Changes Between the Estimated Budget for Fiscal Year 2014, and Budget Levels for Fiscal Year 2015	22
Summary of Full-Time Equivalent Employment by Series	27
Full-Time Equivalent Employees by Organization	28
Narrative Description of Strategic Goals	29
Appropriation Request by Strategic Goal	31
PERFORMANCE PLAN	
RRB Performance Plan, Fiscal Year 2015	35

**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2015 BUDGET SUBMISSION**

Table of Contents

OMB EXHIBITS	<u>Page</u>
Information Technology	
Information Technology Initiatives for Fiscal Year 2015.....	57
Information Technology Capital Plan, Fiscal Years 2013 – 2018.....	60
Small Agency FY 2015 Budget IT Exhibit 53A.....	84
Proposed Legislative Program.....	85
Other	
Relationship of Programs to Account Structure.....	87
Program Evaluation and Data Analysis.....	89
Financial Management.....	92
Electronic Funds Transfer/Vendor Express.....	100
Exhibit 54, Space Budget Justification.....	102
Employee Relocation Costs.....	103
Wellness Initiatives.....	104

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 2012, the SSEB Account also received transfers from the general fund of the Treasury due to the temporary payroll tax reduction provisions of the Middle Class Tax Relief and Job Creation Act of 2012.

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 2013 through 2023, based on the Office of Management and Budget's (OMB) June 2013 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)

	<u>2013</u>	<u>2014</u>	<u>2015</u>		
			<u>Current</u>		
			<u>Services</u>		
Budget authority.....	6,982,000	6,951,000	7,151,000		
Outlays.....	6,805,000	6,930,000	7,131,000		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Budget authority:					
Current services.....	7,377,000	7,616,000	7,849,000	8,064,000	8,270,000
Outlays:					
Current services.....	7,353,000	7,594,000	7,823,000	8,043,000	8,251,000

Note: In March 2013, the RRB paid social security equivalent benefits to 453,000 beneficiaries. The RRB estimates that in March 2014 and 2015, the agency will pay these benefits to 451,000 and 449,000 beneficiaries, respectively.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Budget authority:			
Current services.....	8,455,000	8,262,000	8,713,000
Outlays:			
Current services.....	8,440,000	8,609,000	8,764,000

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 2013 through 2023. The estimates are based on OMB's June 2013 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)

	<u>2013</u>	<u>2014</u>	<u>2015</u>		
			<u>Current</u>		
			<u>services</u>		
Budget authority.....	4,746,000	5,048,000	5,196,000		
Outlays.....	4,758,000	5,062,000	5,210,000		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Budget authority:					
Current services.....	5,333,000	5,447,000	5,545,000	5,625,000	5,690,000
Outlays:					
Current services.....	5,346,000	5,459,000	5,556,000	5,636,000	5,699,000

Notes: The RRB paid tier II benefits to 513,000 beneficiaries in March 2013. The agency expects to pay these benefits to 511,000 beneficiaries in March 2014 and 509,000 beneficiaries in March 2015. The RRB also paid supplemental annuities to 122,000 beneficiaries in March 2013. The agency expects to pay supplemental annuities to 122,000 beneficiaries in March 2014 and 122,000 beneficiaries in March 2015.

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>2021</u>	<u>2022</u>	<u>2023</u>
Budget authority:			
Current services.....	5,739,000	5,775,000	5,807,000
Outlays:			
Current services.....	5,748,000	5,785,000	5,816,000

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 2015, which shall remain available through September 30, 2016.

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 2015 appropriation request includes \$665,389,623 for applicable military service credits through December 2011, with interest through September 3, 2013. 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 2015 that do not require appropriation action include \$229 million in income taxes on the social security equivalent portion of tier I benefits, and \$347 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 2013 through 2023. The estimates are based on OMB's June 2013 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)

	<u>2013</u> ^{1/}	<u>2014</u>	<u>2015</u> ^{2/}		
			<u>Current</u>		
			<u>services</u>		
Budget authority.....	664,142	546,150	1,241,540		
Outlays.....	664,142	546,150	1,241,540		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Budget authority:					
Current services.....	606,150	642,150	676,150	711,150	745,150
Outlays:					
Current services.....	606,150	642,150	676,150	711,150	745,150

^{1/} Includes transfers in fiscal year 2013 from the general fund of the Treasury to the Social Security Equivalent Benefit Account pursuant to P.L. 112-96, the Middle Class Tax Relief and Job Creation Act of 2012.

^{2/} Fiscal year 2015 budget authority and outlay amounts for current services include \$665,389,623 for military service credits through December 2011 with interest through September 3, 2013.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Budget authority:			
Current services.....	780,150	815,150	851,150
Outlays:			
Current services.....	780,150	815,150	851,150

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 2013 through 2023.

The fiscal year 2013 appropriation (P.L. 113-6) provided \$50,813,120 for the payment of vested dual benefits, representing an appropriation of \$50,914,950, less a rescission of \$101,830.

The estimate for fiscal year 2014 includes \$39,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve (\$780,000) 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 2015, the RRB requests an appropriation of \$34,000,000 to pay vested dual benefits, plus a 2 percent reserve of \$680,000 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)

	<u>2013</u>	<u>2014</u>	<u>2015</u>		
Budget authority.....	50,813	39,000	34,000	<u>Current</u>	
				<u>services</u>	
Outlays.....	44,001	39,000	34,000		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Budget authority:					
Current services.....	29,000	25,000	22,000	18,000	15,000
Outlays:					
Current services.....	29,000	25,000	22,000	18,000	15,000

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 22,000 beneficiaries in March 2013. The agency expects to pay these benefits to 19,000 beneficiaries in March 2014, and 17,000 beneficiaries in March 2015.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Budget authority:			
Current services.....	13,000	11,000	9,000
Outlays:			
Current services.....	13,000	11,000	9,000

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 2015: \$11.6 billion to 567,000 persons in fiscal year 2013, \$11.9 billion to 565,000 persons in fiscal year 2014, and \$12.2 billion to 562,000 persons in fiscal year 2015.

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.

In recent years, the funds have also received transfers from general revenue to make up for payroll taxes lost due to “tax holiday” provisions first enacted under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) and last extended through the end of calendar year 2012 under the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96).

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, 2013, the RRB paid \$44,113,000 in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered \$3,807,000, resulting in net payments of \$40,306,000 to a total of 10,719 unemployment insurance claimants. During the same period, the RRB paid \$66,743,000 in sickness insurance benefits from the RUI Account, and recovered \$23,349,000, resulting in net payments of \$43,394,000 to a total of 15,844 sickness insurance claimants. The RRB also recovered a total of \$97,000 under provisions of the American Recovery and Reinvestment Act of 2009, and paid \$6,965,000 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, the Temporary Payroll Tax Continuation Act of 2011, and the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012. In accordance with the Balanced Budget and Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 9.2% under sequestration for days of unemployment and sickness after February 28, 2013.

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. These benefits are funded separately.

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 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 2015

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

<u>Budget Level</u>	<u>FTEs</u>	<u>Amount</u>^{1/} (\$ thousands)
OMB guidance 10% reduction	803	\$102,600
OMB guidance 5% reduction	860	108,300
Agency request level	885	119,743

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

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

	FY 2013	AMOUNT OF CHANGE	FY 2014 ADMIN. PROPOSED	AMOUNT OF CHANGE	FY 2015 OMB GUIDANCE 10% REDUCTION	AMOUNT OF CHANGE	FY 2015 OMB GUIDANCE 5% REDUCTION	AMOUNT OF CHANGE	FY 2015 AGENCY REQUEST
TOTAL FTEs (INCLUDING REIMBURSABLE)	879	(19)	860	(57)	803	57	860	25	885
TOTAL RRB DIRECT PROGRAM OBLIGATIONS									
11.1 FULL-TIME PERMANENT	64,265	(499)	63,766	(2,607)	61,159	4,446	65,605	2,150	67,755
11.3 OTHER THAN FULL-TIME PERMANENT	924	(88)	836	80	916	57	973	28	1,001
11.5 OTHER PERSONNEL COMPENSATION	1,272	(37)	1,235	(373)	862	0	862	459	1,321
11.9 TOTAL PERSONNEL COMPENSATION	66,461	(624)	65,837	(2,900)	62,937	4,503	67,440	2,637	70,077
12.0 PERSONNEL BENEFITS: CIVILIAN	18,199	(254)	17,945	(670)	17,275	1,197	18,472	594	19,066
13.0 BENEFITS FOR FORMER PERSONNEL	370	(108)	262	(76)	186	0	186	0	186
21.0 TRAVEL AND TRANSPORTATION	720	96	816	(116)	700	0	700	163	863
22.0 TRANSPORTATION OF THINGS	29	19	48	12	60	0	60	0	60
23.1 RENTAL PAYMENTS TO GSA	3,960	240	4,200	(942)	3,258	0	3,258	0	3,258
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	4,132	937	5,069	(512)	4,557	0	4,557	200	4,757
24.0 PRINTING AND REPRODUCTION	297	27	324	(22)	302	0	302	0	302
25.0 OTHER SERVICES	13,141	2,432	15,573	(3,076)	12,497	0	12,497	5,556	18,053
26.0 SUPPLIES AND MATERIALS	661	65	726	(66)	660	0	660	26	686
31.0 EQUIPMENT	764	175	939	(771)	168	0	168	2,266	2,434
TOTAL RRB DIRECT OBLIGATIONS	108,734	3,005	111,739	(9,139)	102,600	5,700	108,300	11,442	119,743
REIMBURSABLE OBLIGATIONS	20,249	5,358	25,607	0	25,607	0	25,607	0	25,607
TOTAL RRB OBLIGATIONS	128,983	8,363	137,346	(9,139)	128,207	5,700	133,907	11,442	145,350
LIMITATION ON ADMINISTRATION	108,734	3,005	111,739	(9,139)	102,600	5,700	108,300	11,442	119,743

NOTES:

Salary and benefit estimates reflect a 1 percent pay increase in January 2014 and 1 percent in January 2015.

The 5 and 10 percent reduction levels contain no funding for Information Technology (IT) Initiatives.

The agency request level contains \$7,066,000 in IT initiatives.

**Explanation of Changes Between the Estimated Budget for Fiscal year 2014,
and Budget Levels for Fiscal Year 2015**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2014 Proposed to FY 2015 10% Reduction</i>	<i>FY 2015 10%Reduction Level to 5% Reduction Level</i>	<i>FY 2015 5% Reduction Level to Agency Request</i>
	(\$9,139)	\$5,700	\$11,442
1. Personnel compensation	(2,900)	4,503	2,637
<p>Changes reflect variations in RRB staffing at each of the budget levels. The 10% reduction level reflects total staffing of 803 FTEs, which is 57 FTE's less than what is planned for fiscal year 2014. To reach this level of staffing, the RRB would need to conduct a reduction-in-force (RIF) early in the fiscal year with an estimated cost of \$640,000. It is anticipated that attrition would account for the reduction of 25 FTE's and the RIF would account for the reduction of 32 FTE's. At the 5% reduction level of the budget, funding would be sufficient for an additional 57 FTEs; at the agency request level, an additional 25 FTEs would be funded, resulting in a total of 885 FTEs.</p> <p>Projected compensation costs reflect an estimated pay increase of 1% in January 2014 and 1% in January 2015. Funding for overtime is estimated at \$80,631 at the 10% and 5% reduction levels, and \$540,000 at the agency request level.</p>			
2. Civilian personnel benefits	(670)	1,197	594
<p>Employee benefits are estimated to total approximately 21.4% of salary costs in 2015, which is about the same for 2014. Changes between the fiscal year 2015 budget levels also reflect variations in RRB staffing as noted above.</p> <p>All three fiscal year 2015 budget levels also include \$240,000 for change-of-station costs. This is the same as the amount budgeted for fiscal year 2014. In addition, all levels reflect \$15,000 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>			

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2014,
and Budget Levels for Fiscal Year 2015**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2014 Proposed to FY 2015 10% Reduction</i>	<i>FY 2015 10%Reduction Level to 5% Reduction Level</i>	<i>FY 2015 5% Reduction Level to Agency Request</i>
	<i>(\$9,139)</i>	<i>\$5,700</i>	<i>\$11,442</i>
3. Benefits for former personnel	(76)	0	0
A total of \$186,346 is included at each of the three budget levels for fiscal year 2015 for workers' compensation benefits to be billed by the Department of Labor in fiscal year 2015.			
4. Travel and transportation of persons	(116)	0	163
The 10% and 5% reduction levels include \$700,000 for travel in fiscal year 2015, about 5% less than the amount requested for fiscal year 2014. At the agency request level, an additional \$163,000 would be added to restore across-the-board cuts made at the reduced levels for training, development, and customer out-reach programs.			
5. Transportation of things	12	0	0
A total of \$60,000 is requested for transportation costs at each of the three budget levels for fiscal year 2015. This is about 20% more than the amount planned for fiscal year 2014. The total includes \$48,000 for change-of-station costs and \$12,000 for shipment of materials to the field offices.			
6. Rental payments to the General Services Administration (GSA)	(942)	0	0
A total of \$3.950 million is requested for this category in fiscal year 2015. The requested amount reflects charges on an actual cost basis that RRB will continue to pay for rent, consistent with RRB's memorandum of understanding with GSA. The total is \$942,000 lower than the planned amount for fiscal year 2014.			

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2014,
and Budget Levels for Fiscal Year 2015**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2014 Proposed to FY 2015 10% Reduction</i> <i>(\$9,139)</i>	<i>FY 2015 10%Reduction Level to 5% Reduction Level</i> <i>\$5,700</i>	<i>FY 2015 5% Reduction Level to Agency Request</i> <i>\$11,442</i>
7. Communications, utilities, and miscellaneous charges	(512)	0	200
The 10% and 5% reduction levels include \$4,557,000 in funding for this category. At the agency request level, an additional \$200,000 would be restored for postage. Specific amounts compare with fiscal year 2014 as shown below. (Amounts have been rounded to thousands.)			
<u>FY 2015 Funding at Reduced Budget Level</u>			
Rent of equipment - \$835	26	0	0
Postage - \$1,267	(459)	0	200
Utilities - \$585	(5)	0	0
Communications - \$1,870	(74)	0	0
8. Printing and reproduction	(22)	0	0
This category reflects a slight reduction in costs for printing benefit rate letters, tax statements, and earnings information for railroad retirement and unemployment/sickness insurance beneficiaries. The category also includes costs for official publication of agency information in the Federal Register and Code of Federal Regulations.			
9. Other services	(3,076)	0	5,556
At the 10% and 5% reduction levels, the planned spending in this category totals \$12,497,000, which represents a reduction of \$3,076,000, or 20%, from fiscal year 2014. The agency request level includes an additional \$5,556,465 for contractual services which would restore IT initiatives (\$4,915,000), training (\$476,465) and office furnishings (\$164,000) not funded at the lower budget levels. Specific amounts compare with fiscal year 2014 as shown below. (Amounts have been rounded to thousands.)			

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2014,
and Budget Levels for Fiscal Year 2015**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2014 Proposed to FY 2015 10% Reduction</i>	<i>FY 2015 10%Reduction Level to 5% Reduction Level</i>	<i>FY 2015 5% Reduction Level to Agency Request</i>
	<i>(\$9,139)</i>	<i>\$5,700</i>	<i>\$11,442</i>
<u>FY 2015 Funding at Reduced Budget Level</u>			
Consulting services - \$498	(51)	0	0
Government contracts - \$1,757	(1)	0	0
Other services - \$475	(24)	0	0
Repairs and maintenance - \$4,176	721	0	0
Storage of household goods - \$18	(12)	0	0
Medical fees - \$1,286	(174)	0	0
Training - \$80	(339)	0	477
Maintenance of facilities - \$2,260	22	0	0
Contractual services - \$1,947	(3,218)	0	5,079
Note: Funding for maintenance of facilities in fiscal year 2015 will be partly offset by "no-year" money brought forward from fiscal year 2011 pursuant to P.L. 107-217.			
10. Supplies and materials	(66)	0	26
At the 10% and 5% reduction levels, the planned spending in this category totals \$660,000 which represents a reduction of \$66,000, or 9%, from fiscal year 2014. The agency request level includes an additional \$26,000 to restore across-the-board reductions for supplies not funded at the lower budget levels. Estimated costs include \$165,500 for special order supplies, \$128,500 for subscriptions and publications, \$215,000 for stocked supplies and \$177,200 for direct orders from the GSA contractor.			

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2014,
and Budget Levels for Fiscal Year 2015**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2014 Proposed to FY 2015 10% Reduction</i> <i>(\$9,139)</i>	<i>FY 2015 10%Reduction Level to 5% Reduction Level</i> <i>\$5,700</i>	<i>FY 2015 5% Reduction Level to Agency Request</i> <i>\$11,442</i>
11. Equipment	(771)	0	2,266
At the 10% and 5% reduction levels, the planned spending in this category totals \$168,000, which represents a reduction of \$771,000, or 82%, from fiscal year 2014. The agency request level includes an additional \$2,266,000 for equipment not funded at the reduced budget level. The increase includes \$2,151,000 for equipment pertaining to IT initiatives and \$114,500 for miscellaneous other equipment items needed by the bureaus and offices.			
Total Increase/Decrease	(9,139)	5,700	11,442

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment a/

Series	Rank	FY 2013 actual	FY 2014 <u>b/</u> estimate	FY 2015 OMB Guidance 10% Reduction Level	FY 2015 OMB Guidance 5% Reduction Level	FY 2015 Agency Request Level
Executive	Level III	1	1	1	1	1
	Level IV	2	2	2	2	2
	Subtotal	3	3	3	3	3
Senior Executive Service	ES-00	7	7	7	7	7
	Subtotal	7	7	7	7	7
General Schedule/Management	GS/GM-15	32	30	30	30	30
	GS/GM-14	54	54	52	54	54
	GS/GM-13	101	97	95	97	100
	GS-12	229	216	210	216	220
	GS-11	140	129	127	129	140
	GS-10	123	115	112	115	118
	GS-9	51	60	47	60	60
	GS-8	36	35	30	35	36
	GS-7	52	50	46	50	52
	GS-6	14	13	10	13	14
	GS-5	22	35	22	35	35
	GS-4	14	16	12	16	16
	GS-3	1	0	0	0	0
	GS-2	0	0	0	0	0
	Subtotal	869	850	793	850	875
Combined	Total	879	860	803	860	885

Positions in the Office of Inspector General are excluded.

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 2014.

RAILROAD RETIREMENT BOARD

Full-Time Equivalent Employees by Organization

Organization	FY 2013 ^{1/}	FY 2014 President's Budget ^{2/}	FY 2015 OMB Guidance 10% Reduction Level	FY 2015 OMB Guidance 5% Reduction Level	FY 2015 Agency Request Level
Chairman	3.60	--	--	--	--
Labor	6.58	--	--	--	--
Management	4.52	--	--	--	--
Subtotal, Board	14.70	--	--	--	--
General Counsel/Law	13.58	--	--	--	--
Hearings and Appeals	11.83	--	--	--	--
Legislative Affairs	4.00	--	--	--	--
Secretary to the Board	2.00	--	--	--	--
Subtotal, General Counsel	31.41	--	--	--	--
Office of Programs	315.21	--	--	--	--
CFO/Fiscal Operations	59.51	--	--	--	--
Actuary	16.91	--	--	--	--
Office of Administration	56.61	--	--	--	--
Field Service	239.39	--	--	--	--
Information Services	131.44	--	--	--	--
Total	865.18	860.00	803.00	860.00	885.00

^{1/} Amounts reflect projected use as of August 19, 2013. The RRB's fiscal year 2013 budget includes funding for 879 FTEs.

^{2/} Reflects projected total staffing at the President's proposed level of \$111.7 million. FTEs reflect estimates in the President's proposed budget for fiscal year 2014.

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 2014–2018:

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 2015. 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, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2015 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 the employer 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, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2015 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 2015 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 2014–2018.

Projections for the fiscal year 2015 budget reflect three funding levels, as follows:

- The 10% reduction level of the budget provides \$102,600,000 for fiscal year 2015, and represents a reduction of \$6,130,000 from the RRB's enacted level of funding in fiscal year 2013. This level would fund 803 FTEs to administer the benefit programs and provides no funding for information technology initiatives. To get to the 803 FTE level, the RRB will have to implement a reduction-in-force (RIF) of 32 FTE's.
- The 5% reduction level of the budget provides \$108,300,000 for fiscal year 2015 and includes \$5,700,000 to fund an FTE level of 860. At this level, there is no funding for information technology initiatives.
- The agency request level totals \$119,743,000 for fiscal year 2015. This amount would be sufficient to fund 885 FTEs and provide \$7,066,000 for information technology investments.

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

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

<u>Fiscal Year/Level</u>	<u>2013</u>	<u>2014</u>	2015			
			OMB Guidance 10% Reduction Level	OMB Guidance 5% Reduction Level	Agency Request Level	
Budget authority.....	108,734	111,739	102,600	108,300	119,743	
Outlays.....	108,734	111,739	102,600	108,300	119,743	
Full-time equivalent employment.....	879	860	803	860	885	
<u>Fiscal Year</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Budget authority:						
OMB Guidance Reduction level (10%).....	102,600	102,600	102,600	102,600	102,600	102,600
OMB Guidance Reduction level (5%).....	108,300	108,300	108,300	108,300	108,300	108,300
Request level.....	119,743	*	*	*	*	*
Outlays:						
OMB Guidance Reduction level (10%).....	102,600	102,600	102,600	102,600	102,600	102,600
OMB Guidance Reduction level (5%).....	108,300	108,300	108,300	108,300	108,300	108,300
Request level.....	119,743	*	*	*	*	*

* Amounts for these years are to be determined.

Strategic Goal - Customer Service
Budget Account - Limitation on Administration (60-8237-0-7-601)

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2013</u>	<u>2014</u>	2015			
			OMB Guidance 10% Reduction Level	OMB Guidance 5% Reduction Level	Agency Request Level	
Budget authority.....	86,240	84,922	76,699	80,956	85,909	
Outlays.....	86,240	84,922	76,699	80,956	85,909	
Full-time equivalent employment.....	707	676	599	642	660	
<u>Fiscal Year</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Budget authority:						
OMB Guidance Reduction level (10%).....	76,699	76,699	76,699	76,699	76,699	76,699
OMB Guidance Reduction level (5%).....	80,956	80,956	80,956	80,956	80,956	80,956
Request level.....	85,909	*	*	*	*	*
Outlays:						
OMB Guidance Reduction level (10%).....	76,699	76,699	76,699	76,699	76,699	76,699
OMB Guidance Reduction level (5%).....	80,956	80,956	80,956	80,956	80,956	80,956
Request level.....	85,909	*	*	*	*	*

* Amounts for these years are to be determined.

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

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2013</u>	<u>2014</u>	2015			
			<u>OMB Guidance 10% Reduction Level</u>	<u>OMB Guidance 5% Reduction Level</u>	<u>Agency Request Level</u>	
Budget authority.....	26,175	26,817	25,901	27,344	33,834	
Outlays.....	26,175	26,817	25,901	27,344	33,834	
Full-time equivalent employment.....	172	184	204	218	225	
<u>Fiscal Year</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Budget authority:						
OMB Guidance Reduction level (10%).....	25,901	25,901	25,901	25,901	25,901	25,901
OMB Guidance Reduction level (5%).....	27,344	27,344	27,344	27,344	27,344	27,344
Request level.....	33,834	*	*	*	*	*
Outlays:						
OMB Guidance Reduction level (10%).....	25,901	25,901	25,901	25,901	25,901	25,901
OMB Guidance Reduction level (5%).....	27,344	27,344	27,344	27,344	27,344	27,344
Request level.....	33,834	*	*	*	*	*

* Amounts for these years are to be determined.

PERFORMANCE PLAN



Fiscal Year 2015

Railroad Retirement Board

TABLE OF CONTENTS

Introduction 37

Mission Statement..... 38

Strategic Goal I: Provide Excellent Customer Service 39

 Strategic Objective: Pay benefits timely 39

 Strategic Objective: 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 41

 Strategic Objective: Ensure that trust fund assets are protected, collected,
 recorded, and reported appropriately..... 41

 Strategic Objective: Ensure the accuracy and integrity of benefit programs 41

 Strategic Objective: Ensure effectiveness, efficiency, and security of operations 42

 Strategic Objective: Effectively carry out responsibilities with respect to the
 National Railroad Retirement Investment Trust 47

Information Security Program..... 48

Exhibit 1: Initial Performance Plan - FY 2015 50

Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2015 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 2014 - 2018** 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 2015. 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 2015 for each performance goal at the 10% reduced budget level of \$102,600,000, the 5% reduced budget level of \$108,300,000, and the agency request level of \$119,742,988 is provided. 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 2015, 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.

***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 10% reduced level of the fiscal year 2015 budget, we plan to allocate \$76,699,000 and 599 full-time equivalent employees (FTEs) to this strategic goal; at the 5% reduced level, we would dedicate \$80,956,000 and 642 FTEs to customer service; and at the agency request level, we would be able to dedicate \$85,909,000 and 660 FTEs to customer service. We have established two performance goals that focus on the specifics of achieving this strategic goal.

Strategic Objective: *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 Customer Service Plan includes customer service timeliness standards for paying benefits. Through March 31, 2013, the overall actual performance was 99.3 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for over 99 percent of the nearly 165,000 service transactions for which timeliness was measured.

The inset at the right shows composite results in four combined categories of services.

**Overall Timeliness Performance
Fiscal Year 2013 (through 3/31/2013)**

- Retirement applications: 95.5% (target: 95.4%)
- Survivor applications: 96.1% (target: 95.9%)
- Disability applications/payments: 86.0% (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.

Strategic Objective: 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 2013, we initiated the next phase of the ERSNet project to develop automated processes to notify employers of the need for additional information and to provide a means for correcting the data. These include the Form G-88a.2, which requests annuity eligibility information from rail employers and Form G-88a.1, for verification of last date on the payroll. Development of these forms will provide two additional services in FY 2013. We are also completing contractor assisted enhancements to the ERSNet system that improve the functionality of the forms already in use. Finally, we plan to implement enhanced system accessibility so employers who file reports for multiple companies can access the ERSNet system with one multi-user account.

In fiscal year 2014, we will develop Form G-88p which is required for the payment of supplemental annuities. We also plan to develop an automated referral process to notify employers of the agency's right to reimbursement of benefits paid under sections 12(o) and 2(f) of the RUIA.

Beginning in fiscal year 2015, we plan to develop Form BA-9, Report of Separation Allowance or Severance Pay, which is another on-line employer reporting form. We will also create Forms G-73a.1, Notice of death; RL-5a, Notice of Annuity Award to provide employers with information about benefit payment and eligibility; and Form GL-132, Notice of Service after ABD, a data correction form that allows employers to update their employee records on-line. Replacing these paper-based processes will improve customer service by providing

information to employers that affects their own benefit payments to their employees. These processes will also further our efforts to 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 10% reduced level of the fiscal year 2015 budget, we plan to allocate \$25,901,000 and 204 full-time equivalent employees (FTEs) to this strategic goal; at the 5% reduced level, we would dedicate \$27,344,000 and 218 FTEs to stewardship; and at the agency request level, we would be able to dedicate \$33,834,000 and 225 FTEs to stewardship. We have established four performance goals that focus on the specifics of achieving this strategic goal.

Strategic Objective: *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.*
- *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 2012, we released our Performance and Accountability Report for fiscal year 2012. The RRB's OIG did not express an opinion on the RRB's 2012 financial statements and also found it necessary to change their previous audit opinion from unqualified to disclaimer for the RRB's FY 2011 and FY 2010 financial statements due to the reversal of their reliance on the reports of other auditors.

The OIG reported material weaknesses in the RRB's information security program and budgetary reporting. Significant efforts are underway to strengthen controls in these areas.

Strategic Objective: *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 definition of "significant" improper payments 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.

We measure the effectiveness of the program integrity efforts each year by comparing the dollars identified as improper payments and saved through these initiatives to their cost. For example, in fiscal year 2012, the RRB invested the equivalent of about 28 full-time employees, at a cost of approximately \$2.7 million, in program integrity efforts. This resulted in \$13.9 million in recoveries, \$798,000 in benefits saved, and the referral of 34 cases to the OIG for investigation. This is approximately \$4.55 in savings for each \$1.00 invested in these activities.

Strategic Objective: 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 65 percent of our employees have 20 or more years of service and over 28 percent of the current workforce will be eligible for retirement by fiscal year 2014. 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 through fiscal year 2015, 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 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 and has provided meaningful training programs for our employees. We have offered courses in the areas of performance management, and managerial and supervisory development, and we recently provided negotiation training and “train the trainer” sessions for employees. 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. In addition, all field managers now have real time access to the latest webinar technology to facilitate the remote training of new employees, as well as the ongoing training of experienced field staff. Lastly, we have purchased and implemented a new computer-based software package – Learning Management System (LMS), which effectively formalizes all aspects of

training for all agency employees, while also providing self-assessments to the student and feedback to supervisors on their progress. These initiatives are 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 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.

After Medicare, RUIA systems were converted to use the master database tables. The RUIA Payment Control System and Master Claims Records Online System were completed in October 2012, retiring 26 legacy tables. Following RUIA, the Employment Data Maintenance (EDM) and Contact Official databases were modernized. Development work on EDM began in June 2012 and the converted systems were implemented in January 2013. 23 Legacy EDM tables were retired.

Railroad Retirement Board - Fiscal Year 2015 Initial Performance Plan

The Bureau of Information Services and the Office of Programs are now continuing to work to convert the Payment Rate and Entitlement History (PREH) systems to access the master database. Conversion of PREH is the lynchpin of Phase I: PREH is the most complicated component of the master database tables and impacts the highest number of application systems and programs. Database design work for the PREH master data tables is targeted for completion by December 31, 2013, and development work on the application systems is planned to be finished by December 2014.

Railroad Retirement Board - Fiscal Year 2015 Initial Performance Plan

Fiscal Year 2015 Information Technology (IT) Capital Plan Investments

Investment	FY 2015 Budget Level		
	OMB Guidance 10% Reduction Level	OMB Guidance 5% Reduction Level	Agency Request Level
Contractual services			
Program Accounts Receivable System Conversion (PARS)	\$0	\$0	\$2,500,000
Microsoft SharePoint Upgrade	0	0	1,500,000
Risk Management and Privacy	0	0	565,000
Employer Reporting System (ERS)	0	0	200,000
Electronic Records and Content Management (ERCM) System	0	0	100,000
IT Task Orders	0	0	50,000
Subtotal, Contractual services	\$0	\$0	\$4,915,000
Equipment			
Workstation Equipment Replacement	\$0	\$0	\$1,261,000
Virtual Tape Library and Data Link Upgrade	0	0	670,000
Enterprise Business Servers	0	0	220,000
Subtotal, Equipment	\$0	\$0	\$2,151,000
Total, IT Capital Plan requests	\$0	\$0	\$7,066,000

Strategic Objective: 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 Management 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.

RRB kicked off its basic awareness training in April of 2013 using a web based basic awareness program offered by SANS (an industry leader in security training) called "Securing the Human. Employees and contractors were required to complete 9 assigned training topics such as how to identify social engineering, how to perform safe browsing, and more. Additionally, employees with increased security responsibilities in performing the security authorization and continuous monitoring of their respective information systems were required to complete (ISC) 2™ Certified Authorization Professional (CAP)® Certification

Prep Course available on the virtual training environment provided at www.fedvte-fsi.gov. This training will enhance their understanding in systems security analysis, computer network defense, and vulnerability assessment and management. Other staff with increased security responsibilities will also be required to complete specific training for their respective roles and responsibilities later in the year.

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 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 for all of the agency information systems. The RRB developed a Security Authorization strategy for fiscal year 2013 that is in line with the National Institute for Standards and Technology (NIST) Risk Management Framework (RMF) strategy. The agency employs a continuous monitoring strategy to increase the effectiveness of our current information security program, performing annual risk assessments, as well as testing all security controls applicable to the information system.

Integrating security into the System Development Life Cycle (SDLC) in the RRB Information System program is essential. To ensure that all RRB applications are developed securely, standards need to be identified using industry standards identified by security professionals. The RRB has implemented a secure RRB SDLC procedure, implementing standards from guidelines such as:

- Microsoft Security Development Lifecycle,
- Open Web Application Security Project (OWASP) Guide to Building Secure Web Applications, and
- The OWASP secure coding practices.

Railroad Retirement Board FY 2015 Initial Performance Plan	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual (\$108.6m)	2013 Actual ^{1/} (\$108.7m)	2014 President's Proposed ^{2/} (\$111.7m)	2015 OMB Guidance 10% Reduction (\$102.6m)	2015 OMB Guidance 5% Reduction (\$108.3m)	2015 Agency Request Level (\$119.7m)
<i>STRATEGIC GOAL I: Provide Excellent Customer Service</i>								
<i>Strategic Objective: Pay benefits timely.</i> Leader for performance goals I-A-1 through I-A-8: Martha M. Barringer, Director of Programs Leader for performance goal I-A-9: Rachel L. Simmons, Director of Hearings and Appeals								
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: % ≤ 35 days)	96.16%	96.0%	96.3%	95.1%	95.0%	95.0%	95.5%	96.0%
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: % ≤ 60 days)	96.9%	97.9%	97.9%	96.9%	96.8%	95.0%	96.0%	96.4%
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)	96.1%	96.3%	94.8%	94.4%	94.0%	93.0%	94.0%	94.5%

Railroad Retirement Board FY 2015 Initial Performance Plan	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual (\$108.6m)	2013 Actual ^{1/} (\$108.7m)	2014 President's Proposed ^{2/} (\$111.7m)	2015 OMB Guidance 10% Reduction (\$102.6m)	2015 OMB Guidance 5% Reduction (\$108.3m)	2015 Agency Request Level (\$119.7m)
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. (Measure: % ≤ 30 days)	95.3%	95.8%	95.6%	95.1%	95.2%	93.5%	94.0%	95.2%
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. (Measure: % ≤ 60 days)	98.3%	98.3%	98.4%	98.8%	98.0%	97.3%	97.7%	98.2%
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)	99.9%	99.9%	99.9%	99.9%	99.8%	98.5%	99.3%	99.8%
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)	68.9%	67.5%	74.9%	75.8%	70.0%	70.0%	71.0%	72.0%
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: % ≤ 25 days)	96.2%	96.0%	96.8%	93.4%	95.0%	94.0%	94.5%	95.5%

Railroad Retirement Board FY 2015 Initial Performance Plan	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual (\$108.6m)	2013 Actual ^{1/} (\$108.7m)	2014 President's Proposed ^{2/} (\$111.7m)	2015 OMB Guidance 10% Reduction (\$102.6m)	2015 OMB Guidance 5% Reduction (\$108.3m)	2015 Agency Request Level (\$119.7m)
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)	252	300	336	320	336	340	335	330
Strategic Objective: Provide a range of choices in service delivery methods. Goal leader: Martha M. Barringer, 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)	18 services available	19 services available	19 services available	19 services available	19 services available	19 services available	20 services available	21 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)	a) Employers using ERS:	81.2%	84.0%	85.0%	85.0%	85.0%	85.0%	86.0%
	b) Internet services:	10 Internet services available	17 Internet services available	19 Internet services available	19 Internet services available	26 Internet services available	28 Internet services available	30 Internet services available

Railroad Retirement Board FY 2015 Initial Performance Plan	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual (\$108.6m)	2013 Actual ^{1/} (\$108.7m)	2014 President's Proposed ^{2/} (\$111.7m)	2015 OMB Guidance 10% Reduction (\$102.6m)	2015 OMB Guidance 5% Reduction (\$108.3m)	2015 Agency Request Level (\$119.7m)	
<i>STRATEGIC GOAL II: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources</i>									
<i>Strategic Objective: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately.</i> 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 through 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.)	59.0%	54.0%	97.7%	96.3% ^{3/}	85.0%	85.0%	85.0%	85.0%	
<i>Strategic Objective: Ensure the accuracy and integrity of benefit programs.</i> Goal leader: Martha M. Barringer, Director of Programs									
II-B-1. Achieve a railroad retirement benefit payment accuracy rate ^{4/} of at least 99%. (Measure: percent accuracy rate)	a) Initial payments:	99.58%	99.79%	99.75%	Not Available	99.75%	99.60%	99.70%	99.75%
	b) Sample post recurring payments:	Deferred ^{5/}	Deferred ^{5/}	99.97%	Not Available	99.75%	99.60%	99.70%	99.75%

Railroad Retirement Board FY 2015 Initial Performance Plan	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual (\$108.6m)	2013 Actual ^{1/} (\$108.7m)	2014 President's Proposed ^{2/} (\$111.7m)	2015 OMB Guidance 10% Reduction (\$102.6m)	2015 OMB Guidance 5% Reduction (\$108.3m)	2015 Agency Request Level (\$119.7m)	
II-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{4/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	100%	100%	99.83%	99.77%	99.60%	99.20%	99.60%	99.70%
	b) Sickness	99.94%	99.71%	99.37%	98.83%	99.80%	98.10%	98.50%	98.80%
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 the Improper Payments Information Act)	New indicator for fiscal year 2012	New indicator for fiscal year 2012	0.59%	0.54%	0.59%	0.64%	0.60%	0.60%	
II-B-4. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure for fiscal years through 2011: recoveries and savings per dollar spent. Measure for fiscal years 2012 and following: recoverables and savings per dollar spent.)	\$5.51: \$1.00	\$5.46: \$1.00	\$4.55: \$1.00	Not Available	\$4.50: \$1.00	\$4.25: \$1.00	\$4.50: \$1.00	\$4.64: \$1.00	

Railroad Retirement Board FY 2015 Initial Performance Plan	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual (\$108.6m)	2013 Actual ^{1/} (\$108.7m)	2014 President's Proposed ^{2/} (\$111.7m)	2015 OMB Guidance 10% Reduction (\$102.6m)	2015 OMB Guidance 5% Reduction (\$108.3m)	2015 Agency Request Level (\$119.7m)
<p><i>Strategic Objective: Ensure effectiveness, efficiency, and security of operations.</i> Goal leader: Ram Murthy, Chief Information Officer</p>								
<p>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)</p>	<p>Yes. The Medicare database was converted on 09/26/10.</p>	<p>Yes. We finished the RUIA database conversion.</p>	<p>Yes. The RUIA conversion was completed in October 2012. We began conversion work on the Employment Data Maintenance (EDM) database.</p>	<p>Yes. The conversion of the EDM database was completed in January 2013. The design phase of the Payment Rate and Entitlement History (PREH) database will be completed in December 2013.</p>	<p>Yes. The target date for the conversion of the PREH database is December 2014.</p>	<p>No. The impact would be the conversion of the Tax Database would be delayed until March 2016.</p>	<p>Yes. The conversion at the Tax Database would be completed by December 2015.</p>	<p>Yes. The target date for the conversion of the Tax Database is December 2015.</p>

Railroad Retirement Board FY 2015 Initial Performance Plan	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual (\$108.6m)	2013 Actual ^{1/} (\$108.7m)	2014 President's Proposed ^{2/} (\$111.7m)	2015 OMB Guidance 10% Reduction (\$102.6m)	2015 OMB Guidance 5% Reduction (\$108.3m)	2015 Agency Request Level (\$119.7m)
<i>Strategic objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.</i> Goal leader: Karl T. Blank, 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	New indicator for fiscal year 2012	Yes	Yes	Yes	Yes	Yes	Yes

Footnotes are on the following page.

^{1/} Actual results represent status as of March 31, 2013, unless otherwise noted.

^{2/} Planned amounts reflect the fiscal year 2014 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released on April 11, 2013, except as noted.

^{3/} Actual result represents status as of July 31, 2013.

^{4/} The payment accuracy rate is the percentage of dollars paid correctly as a result of adjudication actions performed.

^{5/} The quality review of post recurring payments was deferred in fiscal year 2010 because the accuracy rates historically had been very high, and the findings minimal. The return on measuring this area every year had 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.

RAILROAD RETIREMENT BOARD

Information Technology Initiatives for Fiscal Year 2015

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 2015 are below. These address mission delivery area, presidential direction, innovation, return on investment, and cybersecurity.

Mission Delivery Area

Workstation Equipment Replacement (\$1,261,000)

IT equipment provides a critical foundation for the RRB's mission and business processes. The role of computers, printers, and scanners increases each year to support programmatic and administrative efforts. The cost of keeping matured technology and a staff to support the older equipment, in addition to indirect, hidden costs such as lost end-user productivity and downtime, is higher than the costs associated with the replacement or upgrade of the IT components. In fiscal year 2015, due to budget constraints, the RRB will limit its request for replacement IT equipment to laptops and desktops PCs.

Virtual Tape Library System at Disaster Recovery Site (\$670,000)

A virtual tape library (VTL) system at the disaster recovery facility is part of the overall plan to upgrade the RRB's VTL system infrastructure for the RRB's production environment. Mainframe data will be encrypted, transmitted and stored daily to the secondary VTL at the agency's disaster recovery facility.

RAILROAD RETIREMENT BOARD

Information Technology Initiatives for Fiscal Year 2015

Presidential Direction

Electronic Records and Content Management (ERCM) System (\$100,000)

OMB memorandum M-12-18, Managing Government Records Directive, marked the beginning of an Executive Branch-wide effort to reform records management policies and practices and to develop a 21st-century framework for the management of Government records. This Directive requires that to the fullest extent possible, agencies eliminate paper and use electronic recordkeeping. It is applicable to all executive agencies and to all records, without regard to security classification or any other restriction.

Development and implementation of the ERCM system will take three fiscal years. This multi-year approach allows the RRB to spread the cost of the project over future years to allow for funding other needed IT projects. In fiscal year 2015, we will utilize consulting services to assist RRB staff in determining overall system requirements.

Program Accounts Receivable System Conversion (\$2,500,000)

The RRB's Program Accounts Receivable (PAR) system is the accounts receivable subsystem of the RRB's legacy financial management system, Federal Financial System. In fiscal year 2015, we plan to convert the PAR system to a debt collection system from the same SSP selected for the RRB's financial management system.

With the implementation and migration to a new collection system, the RRB will become substantially compliant with the Guidance from the Office of Management and Budget's (OMB) Circular A-127 which mandates the use of a core financial management system by a shared service or commercial provider.

Innovation

Employer Reporting System (\$200,000)

The E-Government Act and the Paperwork Reduction Act encourage agencies to find ways to make government more responsive to citizens in the reduction of burden through the collection of information. In December 2003, we initiated the 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. Prior to ERS' start in 2003, the only option for employers to provide service and compensation information about their employees to determine eligibility was by mail or fax. The continued expansion and enhancement of ERS is accomplished through Employer Reporting System project.

RAILROAD RETIREMENT BOARD

Information Technology Initiatives for Fiscal Year 2015

The agile development approach of breaking the ERS project up into modular or incremental pieces over several years has been very successful. Through 2012, we have been able to make available 19 Internet-based services for use for 85 percent of rail and labor employers. In fiscal year 2015, we plan to continue to use contractor services to assist agency staff in developing additional reports and notifications for employers that provide information about benefit payment and eligibility.

Microsoft SharePoint Upgrade (\$1,500,000)

Contractor services to upgrade the agency's Microsoft SharePoint platform. The agency's current version of SharePoint is a thirteen-year-old product that is no longer supported by Microsoft. This initiative will place the RRB on a supported software platform, replace dated hardware, migrate existing content, implement advanced search capabilities and process improvements, and provide SharePoint administrator expertise to assist agency staff throughout the process.

Return on Investment

Enterprise Business Servers (\$220,000)

The RRB replaces servers according to industry best practices as confirmed by information technology research and advisory firm Gartner, Inc. Budget limitations delayed the agency's replacement of these servers from the recommended four-year depreciated asset life to seven years. The potential for hardware failure increases each year that the agency extends the life of a server. Software compliance on legacy servers requires resources to ensure that new versions of software are compatible on older machines, and that older software remains supported as the hardware ages. This fiscal year 2015 initiative will consolidate nine (9) legacy servers with the purchase of five (5) virtual servers and complete a one-to-one replacement of four (4) standard servers. The agency's current ratio of virtual servers to standard servers is now 4/5. The agency anticipates a change in ratio to 1/1 after purchasing these servers.

Cybersecurity

Risk Management and Privacy (\$565,000)

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 and anti-malware software, and intrusion detection systems to prevent viruses, worms, spam and malicious content from infiltrating the agency's network, as well as to ensure that critical data and sensitive information are not compromised. This hardware and software tends to reach end-of life at a much faster pace than traditional hardware and software due to the evolving nature of security threats.

Funding of the risk management capital plan element will provide for a variety of information security and privacy program activities. Because of the sensitivities related to security and privacy program activities specific for this element are intentionally omitted and available internally only.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Capital Element	FY 2013 ^{a/}	FY 2014 ^{b/}	FY 2015 ^{c/}	FY 2016	FY 2017	FY 2018	TOTAL
1. Network operations	0	500,000	220,000	870,000	866,000	200,000	\$2,656,000
2. Infrastructure replacement	118,000	0	1,261,000	900,000	0	0	\$2,279,000
3. IT tools and systems	0	0	1,600,000	1,000,000	200,000	200,000	\$3,000,000
4. E-Government	0	260,500	200,000	200,000	200,000	200,000	\$1,060,500
5. Risk management and privacy	75,422	0	565,000	200,000	200,000	200,000	\$1,240,422
6. System modernization	99,500	2,100,000	0	150,000	150,000	150,000	\$2,649,500
7. Financial Management Integrated System	0	0	\$2,500,000	400,000	0	0	\$2,900,000
8. Continuity of operations improvements	520,000	0	670,000	100,000	100,000	100,000	\$1,490,000
Non-Capital Plan Element							0
9. IT task orders	0	0	50,000	50,000	50,000	50,000	\$200,000
TOTAL	\$812,922	\$2,860,500	\$7,066,000	\$3,870,000	\$1,766,000	\$1,100,000	\$16,663,392

a/ Amounts reflect funding as of July 22, 2013.

b/ Amounts reflect funding as stated in the Congressional Justification of Budget Estimates for Fiscal Year 2014.

c/ Amounts reflect funding at the agency request level. The chart on the following page shows amounts available for IT investments at the reduced and OMB guidance levels of the fiscal year 2015 budget.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

IT INVESTMENTS, FISCAL YEAR 2015

Capital Element	OMB Guidance 10% Reduction	Increase	OMB Guidance 5% Reduction	Increase	Agency Request
1. Network operations	0	0	0	220,000	220,000
2. Infrastructure replacement	0	0	0	1,261,000	1,261,000
3. IT tools and systems	0	0	0	1,600,000	1,600,000
4. E-Government	0	0	0	200,000	200,000
5. Risk management and privacy	0	0	0	565,000	565,000
6. Systems modernization	0	0	0	0	0
7. Financial Management Integrated System	0	0	0	2,500,000	2,500,000
8. Continuity of operations improvements	0	0	0	670,000	670,000
Non Capital Plan Element					
9. IT task orders	0	0	0	50,000	50,000
TOTAL	0	0	0	7,066,000	7,066,000

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
 FY 2013 - 2018

Quick Summary: Definitions	
Cloud / Shared Services	Initiative is a candidate to take advantage of a Shared Service or as “Cloud” computing solution
Mission delivery area	Initiative supports executing the agency mission as outlined in the agency strategic plan
Presidential Direction	Initiative responds to Presidential Directives, Presidential Memorandums, Executive Orders, laws or regulations
Innovation	Initiative utilizes technology to change business processes and better serve the beneficiaries
Return on Investment	Initiative consolidates redundant assets, processes, applications, systems, and services
Cybersecurity	Initiative invests in innovative solutions to combat the emerging and increasingly sophisticated cyber threat environment

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

1. Capital Element: Network Operations

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	TOTAL
\$0	\$500,000	\$220,000	\$870,000	\$866,000	\$200,000	\$2,656,000

Agency Strategy and Benefits: The RRB strives to provide the most resourceful and efficient computing environment to pay benefits to the right people, in the right amounts, in a timely manner, while taking appropriate action to safeguard our customers' trust funds. This computing environment requires a secure network to connect the equipment that supports the computer processing at its headquarters and links to the agency's field office systems.

It is fundamentally important that a reliable network infrastructure be in place to minimize any chance of disruption. Reducing energy use and environmental impact remain top priorities. Exploring cloud and shared solutions and consolidating distributed assets increases efficiency also reduces the agency's environmental footprint.

The heart of the RRB's network is a data center that runs the applications that handle the core business and operational data of the agency. 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 agency mainframe and network staff to accomplish the initiatives.

The Office of Management and Budget introduced the Federal Cloud Computing Strategy in February 2011¹ requiring agencies to consider the cloud as an alternative to its existing and future infrastructure. The RRB adopted cloud and shared service strategies as an essential part of the IT planning process for non-mission critical solutions. Examples of cloud and shared services currently in use by the RRB include:

- Electronic time and attendance management system (GSA-FEDdesk)
- Financial management system (CGI-Momentum)
- Human resources integrated system (GSA-CHRIS)
- Learning Management System (Educadium)
- Personnel-payroll transactions system (OPM-Employee Express)
- PIV credential management system (GSA-USAccess)
- Travel management service (GSA-ETS)
- Web application hosting (AT&T-Web Host Service)

¹ Federal Cloud Computing Strategy; OMB, February 8, 2011. http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/federal-cloud-computing-strategy.pdf

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

The agency continues to adopt cloud and shared services with feasibility and risk assessment as the primary measures for when and how to do so.

Fiscal year 2015

Enterprise Business Servers

The RRB's goal is to replace servers according to industry best practices as recommended by information technology research and advisory firm Gartner, Inc. Budget limitations delayed the agency's replacement of these servers from the recommended four-year depreciated asset life to seven years. The potential for hardware failure increases each year that the agency extends the life of a server. Software compliance on legacy servers requires resources to ensure that new versions of software are compatible on older machines, and that older software remains supported as the hardware ages.

Quick Summary	
Cloud / Shared Services	
Mission delivery area	<input checked="" type="checkbox"/>
Presidential Direction	
Innovation	
Return on Investment	<input checked="" type="checkbox"/>
Cybersecurity	

The RRB adopted cloud and shared service strategies as an essential part of the IT planning process for non-mission critical solutions. Servers are necessary for the 16 critical applications that make up the core business function of the agency. All 16 applications require servers. This number does not include servers that support generic business functions to include email, network security, document management, project management, and print services.

Cost	
Hardware	\$220,000
Total	\$220,000

This initiative will consolidate nine (9) legacy servers with the purchase of five (5) virtual host servers and complete a one-to-one replacement of four (4) standard physical servers. The agency's current ratio of virtual servers to standard physical servers is now 4/5. The agency anticipates a change in ratio to 1/1 after purchasing these servers.

By transitioning workloads from physical servers to virtual machines, datacenter consolidation significantly increases the utilization and agility of computing resources while reducing operational costs with more efficient use of power and space. The decision to upgrade servers to virtual or physical is made on a case-by-case basis that is dependent on application functionality and associated technical requirements. A physical server workload transition to a virtual machine occurs whenever technically feasible and practical with respect to the functionality and performance of the applications. There are numerous benefits to virtual servers for example:

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

- Improved business continuity and disaster recovery return object time improvements with the high availability functions to restart on clustered servers in the event of server failure and software to backup each server’s configuration
- Reduction in power and electrical costs
- Improved return on assets (ROA) for computing resources by increased utilization and agility

Replacing legacy servers with modern technology maximizes IT productivity and saves energy by providing lower overall power consumption as performance standards continue to advance.

Benefits	Risks of delay
<ul style="list-style-type: none"> • Improved business continuity and disaster recovery return object time improvements • Energy efficiencies • Software operating system compliance • Simplifies application migrations 	<ul style="list-style-type: none"> • Warranty period expiration • Use beyond end-of-service life • Equipment failure • Productivity disruption

Future fiscal years

Other 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.

Some projects planned for the future fiscal years include:

- Open-systems storage area network replacement
- Firewall replacement
- IP version 6 network infrastructure implementation
- Desktop Virtualization
- Router/Switch replacement for remote offices
- WAN optimization controller replacement
- Email security gateway appliance replacement

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

2. Capital Element: Infrastructure Replacement

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	TOTAL
\$118,000	\$0	\$1,261,000	\$900,000	\$0	\$0	\$2,279,000

Agency Strategy and Benefits: The agency’s long-term strategic goal is systematic replacement of all IT components according to industry standards in order to provide a stable technology environment. The RRB maintains an *IT Equipment Replacement Policy* based on industry standards as a result.

A standardized and uniform IT environment provides support and repair savings. In addition, an advantage to a scheduled replacement plan is the predictability and stability of the annual budget, an imperative aid in long-term fiscal planning. A critical component of adhering to the replacement cycle of IT equipment is to make acquisition, as much as possible, a consistent and recurring event. The resultant aggregation on an agency-wide basis provides benefits such as purchasing larger quantities decreases the average cost per asset and purchasing in a consistent manner standardizes hardware and software among the employees.

Fiscal year 2015

Workstation Equipment Replacement

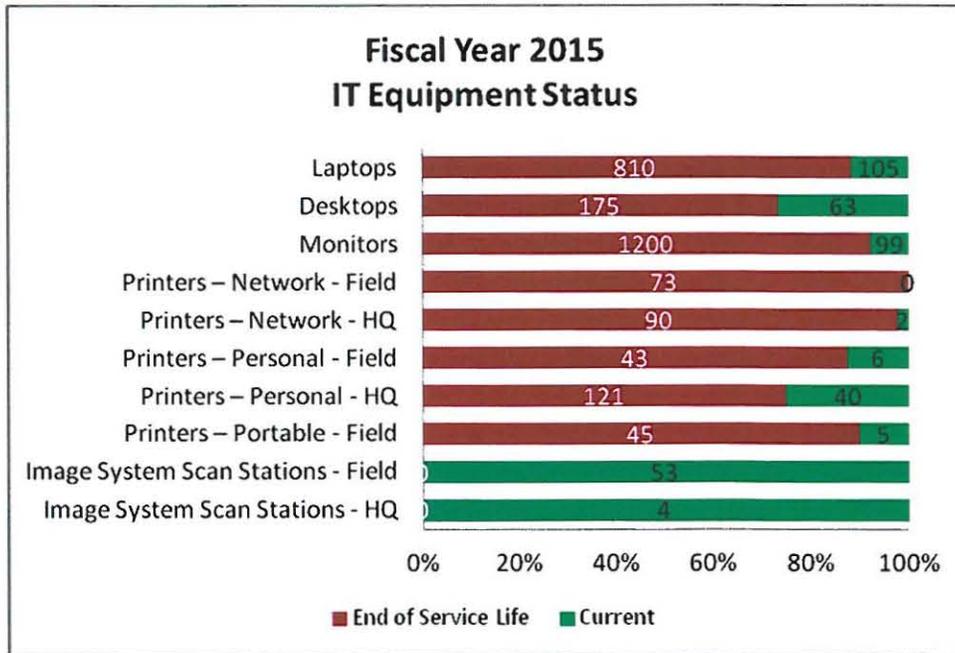
This capital element focuses on the replacement of the agency’s IT workstation infrastructure according to the RRB’s *IT Equipment Replacement Policy*.

IT equipment provides a critical foundation for the RRB’s mission and business processes. The role of computers, printers, and scanners increases each year to support programmatic and administrative efforts. The cost of keeping matured technology and a staff to support the older equipment, in addition to indirect, hidden costs such as lost end-user productivity and downtime, is higher than the costs associated with the replacement or upgrade of the IT components.

The chart below outlines the type of equipment and quantity due for replacement.

Quick Summary	
Cloud / Shared Services	
Mission delivery area	<input checked="" type="checkbox"/>
Presidential Direction	
Innovation	
Return on Investment	
Cybersecurity	
Cost	
Hardware/ Services	\$1,261,000
Total	\$1,261,000

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
 FY 2013 - 2018



In fiscal year 2015, due to budget constraints, the RRB will limit its request for replacement IT equipment to laptops and desktops PCs. The replacement of other IT equipment assets such as printers will be delayed to fiscal year 2016.

	Quantity	Cost
Laptops (+ Installation Services)	622	\$ 1,032,700
Desktops (+ Installation Services)	175	\$ 227,500
		\$ 1,260,200

Benefits	Risks of delay
<ul style="list-style-type: none"> • Purchasing larger quantities decreases the average cost per asset • Simplifies security patching • Reduces hardware variability 	<ul style="list-style-type: none"> • Use beyond end-of-service life • Equipment failure • Productivity disruption

Future fiscal years

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

The RRB will continue to replace IT equipment in agreement with the replacement cycle as funding is available. If the above-mentioned equipment is replaced in its entirety, then the next major infrastructure replacement will take place in fiscal year 2019. Any deferral of funding will affect the out years.

3. Capital Element: IT Tools and Systems

FY 2013	FY 2014	FY 2015	FY2016	FY2017	FY2018	TOTAL
\$0	\$0	\$1,600,000	\$1,000,000	\$200,000	\$200,000	\$3,000,000

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 includes technology tools to provide programmers, system engineers, technicians and system support staff with the ability to move development forward, improves the efficiency and effectiveness of the system development life cycle, and help business processes throughout the agency operate more effectively and efficiently. Projected costs for new or upgraded software tools and systems can include customization, if necessary, staff training and knowledge transfer about the software tool or system.

Fiscal year 2015

Microsoft SharePoint Upgrade

Microsoft SharePoint is a family of Windows software that is used for document sharing and search, team collaboration, blogs, wikis and organization news. SharePoint simplifies how people find and share information across boundaries, and enabling better informed decisions. SharePoint provides a single, integrated location where employees can efficiently collaborate with team members, share knowledge, and find organizational resources and information.

Quick Summary	
Cloud / Shared Services	<input checked="" type="checkbox"/>
Mission delivery area	<input checked="" type="checkbox"/>
Presidential Direction	
Innovation	<input checked="" type="checkbox"/>
Return on Investment	
Cybersecurity	

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

The RRB uses SharePoint as its enterprise business collaboration platform. With SharePoint, employees can set up collaborative sites to share information with others, manage documents from start to finish as a source of e-documentation and reference, draft reports, and support the systems development life cycle to help everyone make better decisions.

Cost	
Infrastructure upgrade and migration services	\$1,500,000
Total	\$1,500,000

In fiscal year 2015, contractor services will be used to upgrade to a modern software release. The agency’s current version of SharePoint is a thirteen-year-old product that is no longer supported by Microsoft. In addition, this initiative will replace dated hardware, migrate existing content, implement advanced search capabilities, and provide SharePoint administrator expertise to assist agency staff throughout the process.

At the time of the initiative, the agency will determine if it is cost effective for the SharePoint platform to continue to be supported in the agency’s virtual host server infrastructure or as a “cloud” service.

This project is dependent on the completion of the following initiatives:

- Capital Element: Network Operations - Enterprise Business Servers (FY2015)
- Capital Element: Network Operations - Open-systems Storage Area Network (FY2014)

Benefits	Risks of delay
<ul style="list-style-type: none"> ▪ Simplified enterprise-wide access to both structured and unstructured information across disparate systems ▪ Utilization of more efficient and advanced technology ▪ Opportunity to expand use for mission and back-office process improvements ▪ Reduction of paper based processes ▪ Reduction in duplicate document practices ▪ Reduction in network data storage ▪ Use of a supported software platform 	<ul style="list-style-type: none"> ▪ Continued use of unsupported software • Equipment failure ▪ Productivity disruption

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Electronic Records and Content Management (ERCM) System

OMB memorandum M-12-18, Managing Government Records Directive², marked the beginning of an Executive Branch-wide effort to reform records management policies and practices and to develop a 21st-century framework for the management of Government records. This Directive requires that to the fullest extent possible, agencies eliminate paper and use electronic recordkeeping. It is applicable to all executive agencies and to all records, without regard to security classification or any other restriction.

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.

To address the challenges associated with preserving the vast and rapidly growing volume of agency electronic records and respond to OMB memorandum M-12-18, legal, statutory and regulatory federal requirements of holding and transferring those records, the RRB plans to develop and implement an ERCM system.

The RRB does not have an automated Electronic Records and Content Management (ERCM) System. The ERCM system implementation will be based on agency records management program guidance required by M-12-18 of the National Archives and Records Administration (NARA), Office of Management and Budget (OMB), and Office of Personnel Management (OPM).

An ERCM system applies established record management policies to paper-based and electronic records to achieve legal compliance and ensure governance of the information assets such as:

- Compatibility with DOD Electronic Records Management Software Application Design Criteria Version 2 (DOD 5015.2-STD)
- Federal Enterprise Architecture (FEA) Records Management Profile version 1.0
- OMB guidance (including minimizing legal and electronic discovery risks)

An ERCM system also ensures 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.

Quick Summary	
Cloud / Shared Services	
Mission delivery area	
Presidential Direction	<input checked="" type="checkbox"/>
Innovation	<input checked="" type="checkbox"/>
Return on Investment	<input checked="" type="checkbox"/>
Cybersecurity	
Cost	
Contractor services	\$100,000
Total	\$100,000

² OMB Memorandum M-12-18, Managing Government Records Directive (Aug. 24, 2012).
<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-18.pdf>

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Development and implementation of the ERCM system will take three fiscal years. This multi-year approach allows the RRB to spread the cost of the project over future years to allow for funding other needed IT projects. In fiscal year 2015, we will utilize consulting services to assist RRB staff in determining overall system requirements. In fiscal year 2016, the system requirements will be used to implement the infrastructure and execute a pilot ERCM program. In fiscal year 2017, the findings from the pilot ERCM program will be used to fully implement the ERCM system in the agency.

When complete, the ERCM system will identify, maintain, classify and dispose of RRB electronic records, including e-mail, according to specified records disposition policies.

This project is dependent on the completion of the following initiatives:

- Capital Element: Network Operations - Enterprise Business Servers (FY2015)
- Capital Element: IT Tools and Systems - Microsoft SharePoint (FY2015)
- Capital Element: Network Operations - Open-systems Storage Area Network (FY2014)

Benefits	Risks of delay
<ul style="list-style-type: none"> ▪ Allows for consistent management of electronic records and policies ▪ Meets requirements of the Managing Government Records Directive and other related records management regulatory and compliance standards ▪ Protects vital records ▪ Leverages the functionality of the to be updated SharePoint platform 	<ul style="list-style-type: none"> ▪ Currently not in compliance with NARA records management regulation ▪ Currently not in compliance with E-discovery requests related to the Federal Rules of Civil Procedure ▪ Manual, paper-based process for identifying and maintaining current records

Future fiscal years

Office of Secretary to the Board Content Management Services

The Office of Secretary to the Board maintains the official record of proceedings and actions by the three-member Board, also issuing correspondences, notices, and reports on their behalf. Contractor services to modernize the current workflow management system and document imaging system into the SharePoint enterprise content management system. The Microsoft SharePoint enterprise content management system provides the current workflow and document management functionality while offering new technological features to provide efficiencies to current business processes and practices.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Electronic Records Content Management (ERCM) system

In fiscal year 2016, system requirements identified in fiscal year 2015 will be used to execute a pilot ERCM program. In fiscal year 2017, the findings from the pilot ERCM program will be used to fully implement the ERCM system in the agency.

Computer Telephony Integration

Customer service will be enhanced by computer telephony integration (CTI) application. A CTI application retrieves data from automated systems and displays it to facilitate the work of customer representatives. The CTI-resulting display is commonly called a “screen pop,” because of the way caller information automatically appears or “pops up” on the computers of customer service representatives as calls are connected. “Screen pop” technology would work with the RRB’s toll free telephone service to eliminate manual searches for records of previous calls or benefit information.

4. Capital Element: E-Government

FY 2013	FY 2014	FY 2015	FY2016	FY2017	FY2018	TOTAL
\$0	\$260,500	\$200,000	\$200,000	\$200,000	\$200,000	\$1,060,500

Agency Strategy and Benefits: The E-Government Act and the Paperwork Reduction Act encourage agencies to find ways to make government more responsive to citizens in the reduction of burden through the collection of information. To reduce collecting information from citizens and businesses, agencies are encouraged to collect data once and reuse it as necessary; buy IT once and take advantage of economies of scale; and simplify business processes by reusing technology that is interoperable to promote easier access for the customer.

The E-Government capital element focuses on alternative delivery of services beyond traditional means. Specifically, E-Government offers the RRB an opportunity to examine its current operations and procedures, identify business processes and practices that can be streamlined, streamline identified 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.

Cloud computing is an important IT service delivery model for reducing costs and driving operational efficiency. The National Institute of Standards and Technology (NIST) released several documents on cloud security, including NIST Special Publication SP 800-144 “Guidelines on Security and Privacy in Public Cloud Computing.” The Federal Risk and Authorization Management Program is also enabling cloud adoption by helping agencies identify security requirements and support the continuous monitoring cloud service providers.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

We plan to use contractor services to augment existing agency staff to expand the electronic services available to the railroad public via the RRB’s website. This goal is consistent with the agency’s overall goal to address our customers’ needs and expectations, providing them with a range of choices for conducting business with us, 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 employees/employers and the RRB.

Fiscal year 2015

Employer Reporting System

In December 2003, we initiated the 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. Prior to ERS’ start in 2003, the only option for employers to provide service and compensation information about their employees to determine eligibility was by mail or fax. The continued expansion and enhancement of ERS is accomplished through Employer Reporting System project. The goals of the ERS project are to:

- provide employers with electronic-based alternatives to the 74 paper-based forms exchanged between rail employers and the RRB,
- increase efficiency by reducing manual handling, and
- enhance security and protection of personally identifiable information (PII).

Quick Summary	
Cloud / Shared Services	<input checked="" type="checkbox"/>
Mission delivery area	<input checked="" type="checkbox"/>
Presidential Direction	<input checked="" type="checkbox"/>
Innovation	<input checked="" type="checkbox"/>
Return on Investment	<input checked="" type="checkbox"/>
Cybersecurity	

Cost	
Programming services	\$200,000
Total	\$200,000

Because of the large number of paper-based forms and processes needing conversion, the build of ERS is divided into phases over multiple years. Through 2012, 19 Internet-based services are now available for use for 85 percent of rail and labor employers. When ERS is complete, the Internet-based service will provide employers with a secure and efficient way to provide information to the RRB for their employees. Since 2003, contractor support has been successfully used for this project to provide technical programming expertise and assist agency staff to ensure that work is completed on schedule.

In fiscal year 2015, we plan to continue to use contractor services to assist agency staff in developing additional reports and notifications for employers that provide information about benefit payment and eligibility. The Form BA-9, Report of Separation Allowance or Severance Pay, Form G-73a.1, Notice of Death, Form RL-5a, Notice of Annuity Award and GL-132, Notice of Service After ABD will add 4 additional services to the system. By

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

replacing these paper-based processes, we will improve customer service by providing information to employers that affects their own benefit payments to their employees. These processes will also further our efforts to enhance stewardship by securing and protecting personally identifiable information. If not accomplished, the RRB will continue to send employers paper listings and notices of employee awards and eligibility data that could be lost or delivered to someone for whom it was not intended. These manual processes continually put PII at risk.

Benefits	Risks of delay
<ul style="list-style-type: none"> • Automates the referral process between rail employers and the agency • Adds additional services over paper-based process • Improves customer service • Speeds initial annuity processing due to faster employment verification • Secures and protects personally identifiable information 	<ul style="list-style-type: none"> • Continued use of paper-based processes • Slower employment verification • Places personally identifiable information at risk with manual steps and changing of ‘hands’ • Mailing delay or loss

Future fiscal years

Employer Reporting System

There are still many other opportunities to further enhance the Employer Reporting System and add functionality to streamline the business interactions with rail employers and improve timeliness and accuracy of benefit payments. In FY2016, we plan to add Internet-based functionality in place of the AESOP (Employee retirement estimate file), G-117a (Designation of Contact Officials), and GL-99 (Deemed Service Questionnaire Forms). In FY2017, we plan to add Internet-based functionality in place of the G-251, 251a and 251b (Job Information Report).

IVR-WEB Identity and Access Management System

The RRB’s ability to serve its customers would be enhanced by an identity and access management (IAM) system that enables a rail industry employee or RRB beneficiary to access the RRB’s Interactive Voice Response (IVR) HelpLine and the RRB’s website services using a single PIN/Password. Currently, users must establish and maintain separate and distinct passwords on each system. The IAM system will make access to RRB systems more user-friendly by allowing the use of single password across systems and allowing users to change their password through either system.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Voice Recognition

We plan to evaluate the feasibility and costs of enhancing the agency’s Interactive Voice Response (IVR) system to include speech recognition. Speech recognition software would allow the IVR system to recognize words in addition to touchtone signals. The advantages to using speech recognition are a flattening of the IVR menu structure for a better caller experience and the ability to take advantage of more advanced system capabilities, such as speaker verification.

Application for Annuity

We will develop a system that will allow individuals to file annuity applications online. This will begin with employee and spouse annuity applications. After gaining experience with these, we will evaluate survivor benefit applications as well.

5. Capital Element: *Risk Management and Privacy*

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	TOTAL
\$75,422	\$0	\$565,000	\$200,000	\$200,000	\$200,000	\$1,165,000

Agency Strategy and Benefits: The agency relies on a complex and constantly evolving information technology infrastructure to deliver its mission. This infrastructure, however, is under perpetual attack by a variety of sources, from novice hackers to sophisticated groups that seek to gain or deny access to, disrupt, degrade, or destroy the systems and the data contained therein. These threats continue to expand over time as more of our critical infrastructure is connected to the Internet, and malicious cyber activity grows in volume and becomes more sophisticated and targeted, creating ever greater potential for more severe consequences.

The agency retains primary responsibility for securing and defending its own network and critical information infrastructure from cyber attacks. The agency’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, such as firewalls, integrity checkers, virus scanners, intrusion detection systems, anti-virus software and other special security devices, and well-trained personnel. The agency strategy is complimented 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.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Fiscal year 2015

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 and anti-malware software, and intrusion detection systems to prevent viruses, worms, spam and malicious content from infiltrating the agency's network, as well as to ensure that critical data and sensitive information are not compromised. This hardware and software tends to reach end-of life at a much faster pace than traditional hardware and software due to the evolving nature of security threats.

Funding of the risk management capital plan element will provide for a variety of information security and privacy program activities. Because of the sensitivities related to security and privacy program activities, specifics for this element are intentionally omitted and available internally only.

Quick Summary	
Cloud / Shared Services	
Mission delivery area	
Presidential Direction	<input checked="" type="checkbox"/>
Innovation	
Return on Investment	
Cybersecurity	<input checked="" type="checkbox"/>

Cost	
Programming services	\$565,000
Total	\$565,000

Future fiscal years

The cyber threat is constantly evolving, requiring the agency 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.

6. Capital Element: *System Modernization*

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	TOTAL
\$99,500	\$2,100,000	\$0	\$150,000	\$150,000	\$150,000	\$2,649,500

Agency Strategy and Benefits: The RRB has taken significant strategic steps to improve its computer processes, first by moving to a relational database environment, and next by optimizing the data that resides in its databases. The next strategic step is to take advantage of the optimized relational database structure to modernize the agency's computer systems and automate manual processes that support such systems.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Many of the RRB's existing systems are old and complex and require a large investment in maintenance from both a technical and business perspective. The data optimization process and the agency's own analysis have pointed out opportunities for modernization. Because of the complexity and size of this project, we are taking a multi-year / multi-phased approach. The underlying principle is that modernization is not re-engineering a particular application or system; it involves a holistic approach to building an information infrastructure to support the RRB's critical business processes. By modernizing its systems, the RRB will ultimately decrease the time and cost to develop and operate the systems, allowing us to focus on new initiatives that will improve business practices and save or control costs.

We plan to use contractor services to supplement agency resources assigned to this initiative because these services have proven essential to its success. Contractor services have ensured that the project does not stall due to staffing constraints or legislative changes and they have provided a knowledge transfer to the agency's staff that will be used long after the contractors have completed their tasks.

In addition to modernizing the agency's mainframe based computer programs, there are 28 old LAN-based computer programs in need of modernization. These LAN-based systems are based on an outdated database management system and use an old mainframe screen scraping technology. Commercial support for these technologies has since ceased. When written, these programs eliminated some of the manual benefit processing not addressed by the main benefit payment and recovery systems. Although functioning, these outdated systems are becoming more difficult to maintain under the newer server platforms. Following a risk assessment in fiscal year 2011, contractual services were engaged in fiscal year 2012 to modernize the most critical legacy LAN-based computer programs into one of the agency's enterprise programming platforms, for example, Microsoft .Net.

Fiscal year 2015

Contractor services to supplement agency resources will not be used in fiscal year 2015 due to funding constraints.

Future fiscal years

The RRB will continue modernizing high value/high risk applications using knowledge gained from the redesign efforts and subsequent application modernizations, and in 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 staffing constraints. Examples of some initiatives include:

IP version 6 Implementation for Internal Network Applications

Contractor services will be necessary to assist RRB employees with the conversion of network applications for compatibility to IP version 6.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

7. Capital Element: *Financial Management Integrated System*

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	TOTAL
\$0	\$0	\$2,500,000	\$400,000	\$0	\$0	\$2,900,000

Agency Strategy and Benefits: Federal Management Line of Business (FMLOB) guidance mandated that agencies, which are seeking to significantly upgrade or modernize to a different core financial management system, migrate to an approved Federal or commercial shared service provider. Further, OMB anticipated that within 10 years of the most recent FMLOB guidance, agencies would have decided to migrate their technology hosting and administration and application management to a shared service provider.

The RRB’s legacy financial management system, Federal Financial System (FFS), reached its end of life cycle in fiscal year 2003. Based on an analysis of the RRB’s financial management system in 2010, agency management selected migration to a designated shared service provider (SSP) as the best strategy to close current and potential performance gaps, optimize future staff resources, and follow OMB Circular A-127. The hosting SSP will have responsibility for the administration and application management of the core financial system from their data center, and maintaining and updating its technology. We plan to complete conversion of the financial management information system to a shared service provider in fiscal year 2013.

The implementation and migration to a new core financial system brings opportunity to modernize and automate other agency financial processes that can be added as modules to the base Financial Management Integrated System.

Fiscal year 2015

Program Accounts Receivable System Conversion

The RRB’s Program Accounts Receivable (PAR) system is the accounts receivable subsystem of the former FFS system, and has been significantly modified to meet the RRB’s specific debt collection needs. The PAR system was separated from the RRB’s core FFS system and functions as a standalone system maintaining its own general ledger. In fiscal year 2015, the RRB plans to migrate its accounts receivable function to the newly acquired SSP capability. This will require the RRB to obtain a commercial off-the-shelf (COTS) debt collection system from the same SSP selected for the RRB’s financial management system.

Quick Summary	
Cloud / Shared Services	<input checked="" type="checkbox"/>
Mission delivery area	<input checked="" type="checkbox"/>
Presidential Direction	<input checked="" type="checkbox"/>
Innovation	<input checked="" type="checkbox"/>
Return on Investment	<input checked="" type="checkbox"/>
Cybersecurity	

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

The RRB's accounts receivable are recorded and managed in the PAR system, which generates a monthly summary trial balance that is manually recorded in the RRB's general ledger. Approximately 40,000 new debts are established and 80,000 cash receipts are recorded annually in the PAR system. Most PAR system transactions are received through interfaces with several other internal and external systems and are posted mechanically.

Cost	
Conversion services	\$2,500,000
Total	\$2,500,000

The new debt collection system will include such automated functionality as:

- A complete history and audit trail of all transactions;
- Capability to generate mandated and management reports of inventories, recoveries and program referrals needed to measure agency performance;
- Ability to perform online or batch processing of receivables and recoveries;
- Ability to track receivables through due process determinations and enforcement programs;
- Ability to issue bills, accrue charges, pend charges, record actions taken and contacts made, automatically profile debts for various actions, and other debt-related activities; and,
- On-line access to review individual debts and actions taken.

Benefits	Risks of delay
<ul style="list-style-type: none"> • Savings of approximately 6 FTE's – through attrition of IT support and debt recovery operations • Savings of approximately \$56,000 spent on software maintenance contract to maintain the PAR system • Reduces operating costs (staff hours and supplies) resulting from new and improved technology/functionality • Reduces printing and paper storage costs as electronic data and reports increase • Improves data management, data quality, and internal controls will reduce the risk of fraud, improper payments, and errors; and, meet the requirements of the Improper Payments Act • Enables ability to meet FISMA requirements with better security to identify evolving threats, protect personally identifiable information, and reduce the risk of data loss 	<ul style="list-style-type: none"> • Inability to maintain in-house corporate knowledge of the system due to the retirement of current staff Slower employment verification • Loss of trust fund revenue • Inability to maintain the PAR system in the future as information technology staff with PAR knowledge reach retirement age in the next few years • Inability to implement future mandated OMB/Treasury initiatives

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

- Improves internal controls and segregation of duties
- Compliance with OMB directive to migrate to an SSP environment

Future fiscal years

Employer Contribution and Collection System (ECCS) Conversion

In 2001, the RRB implemented a Railroad Unemployment Insurance Act (RUIA) collection system, called the Employer Contribution and Collection System (ECCS); a desktop application for collection and reporting of railroad unemployment contributions.

The RRB’s future state vision is to integrate the ECCS functionality with Accounts Receivable and the core Federal Financial Management Information Systems’ general ledger. This strategy is built off the Administration’s government-wide Federal IT Shared Services and Cloud-first strategies.

General Ledger Integration of Benefit Payment Sub-Systems

Internal control and efficiency of operations would be strengthened by integration of benefit payment systems with the general ledger through implementation of a system that summarizes payment information directly from source data and automates preparation of journal vouchers. Currently daily and monthly payment activity originating in the benefit payment major application is manually summarized and recorded in the agency’s general ledger via manually prepared journal vouchers.

8. Capital Element: *Continuity of Operations Improvements*

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	TOTAL
\$520,000	\$0	\$670,000	\$100,000	\$100,000	\$100,000	\$1,490,000

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. COOP planning is a good business practice and part of the fundamental mission of agencies as responsible and reliable public institutions. Today’s changing threat environment and recent emergencies, including localized acts of nature, accidents, technological emergencies, and military or terrorist attack-related incidents, have increased the need for COOP capabilities that enable agencies to continue their essential functions across a broad spectrum of emergencies and when normal, standard operations become overwhelmed. This environment, coupled with the potential for terrorist use of weapons of mass destruction, has emphasized the importance of COOP programs that ensure continuity of essential government functions across the Federal government.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2013 - 2018

Information technology plays a key role in the continuation of the agency's operations by assisting in the quick recovery of critical and 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. It can also be longer term, such as in the case of a major weather or earthquake type of event where services are impacted for several days or, in some cases, weeks. For this 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 no matter what the emergency or disruption.

Fiscal year 2015

Virtual Tape Library System at Disaster Recovery Site

In 2012, we began planning for the modernization of the magnetic tape cartridge storage infrastructure used by the RRB's mainframe production environment by replacing the 13-plus year old automatic tape library mechanical arm hardware device with a virtual tape library (VTL) system. The VTL uses disc drives in place of magnetic tapes.

In fiscal year 2015, the RRB will put into service a secondary VTL system at the RRB's disaster recovery facility to match the mainframe-based production VTL system in the RRB's data center. A part of the overall plan to upgrade to a VTL system for the RRB's production environment included having a matching VTL system at the disaster recovery facility. The mainframe data will be encrypted, transmitted and stored to the agency's disaster recovery facility daily.

The solution entails the purchase of a VTL, WAN optimizers, and the services to install and configure the VTL to match the RRB's headquarters production environment. There will be an annual cost added to the agency's disaster recovery facility fee to rent the additional space for the VTL. For daily transmittal of encrypted data from the VTL at the RRB's headquarters to the disaster recovery facility, a high-speed DS3 data communication line will also be needed at a projected cost of \$100,000 per year from the agency's telecommunications provider.

Quick Summary	
Cloud / Shared Services	
Mission delivery area	<input checked="" type="checkbox"/>
Presidential Direction	
Innovation	<input checked="" type="checkbox"/>
Return on Investment	
Cybersecurity	

Cost	
Hardware	\$400,000
Installation services	70,000
Floor space rental, annual	100,000
1 st year telecommunications	100,000
Total \$670,000	

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
 FY 2013 - 2018

Benefits	Risks of delay
<ul style="list-style-type: none"> • Reduces the potential for data loss from ten days to one 24-hour period • Cost savings associated with transporting backup tapes to a National Archives and Records Administration facility • Meets or exceeds recovery time objectives and recovery point objectives in a more cost-effective way • Mitigates data center downtime and data loss in the event of a system outage • Eliminates tape errors • Eliminates need to purchase replacement tape cartridges 	<ul style="list-style-type: none"> • Weekend backups will continue to be at least a day, if not more • Recovery time remains as current • Because of weekly backup cycle, continued risk of loss for one week of data in the recovery process. • Transportation costs continue • Weaken recovery point objectives (RPOs) that require low data loss

Future fiscal years

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. Some examples include:

Distributed Systems Backup Improvement

Encrypted backup tapes are created for distributed systems and transported to the National Archives and Records Administration (NARA) for storage. Disaster recovery network reconfiguration planning exercises 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. To reduce the time expended in building a Windows server environment at the disaster recovery facility, we plan the installation of server and telecommunications equipment, storage and associated software licenses for a portion of the RRB’s datacenter that support the most critical of applications for business operation. With the above equipment always available, 10 hours of server updates is eliminated from any “ground-up” build of the servers.

Reconfiguration of server-based critical applications

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 2013 - 2018

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

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	TOTAL
\$0	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$200,000

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 for the RRB. 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 term.

Fiscal year 2015

Emergency Business System / Application Restoration Services

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

Future fiscal years

In future fiscal years, we will use contractor resources either 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

Proposed Legislative Program for Fiscal Year 2015

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.

3. **Amend the Railroad Retirement Act to eliminate the Vested Dual Benefit (“VDB”) Account.**

The Railroad Retirement Act of 1974 provides for a “dual benefit windfall” component, payable to an employee who would have been entitled to a dual /benefit under the Railroad Retirement Act of 1937 and the Social Security Act. Since an employee must have had 10 years of railroad service prior to

RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2015

1975 and must have been permanently insured on social security earnings on December 31, 1974, the number of annuitants eligible for a vested dual benefit is continuously declining and will eventually reach zero.

Elimination of the VDB Account means that the agency could receive a single appropriation for the present value of all remaining payments. For example, if this were to occur at the beginning of FY 2014, a single payment of approximately \$200 million, depending on the discount rate, would be sufficient. Because of the advanced age of the VDB annuitants, in a few years, a payment of less than \$100 million will be sufficient.

4. Amend the Railroad Retirement Act and Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the agency.

Section 2311 of the Railroad Retirement Act and Section 359 of the Railroad Unemployment Insurance Act contain misdemeanor charges for individuals committing fraud against the Railroad Retirement Board.

Under this proposal, both the Railroad Retirement Act and the Railroad Unemployment Insurance Act would be amended to include a felony charge similar to violations under 42 U.S.C. § 408, 18 U. S. C. § 1002, or 18 U. S. C. § 287.

RAILROAD RETIREMENT BOARD

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

	<u>2015 Estimates</u>	
	<u>Budget Authority</u>	<u>Outlays</u>
60-0111-0-1-601		
Dual Benefits Payments Account.....	34,000	34,000
60-0113-0-1-601		
Federal Payments to the Railroad Retirement Accounts.....	1,241,540	1,241,540
60-8010-0-7-601		
Social Security Equivalent Benefit Account.....	7,151,000	7,131,000
60-8011-0-7-601		
Railroad Retirement Account.....	5,196,000	5,210,000
60-8118-0-7-601		
National Railroad Retirement Investment Trust.....	1,903,000	1,903,000
60-8237-0-7-601		
Limitation on Administration		
OMB Reduced level (10%).....	102,600	102,600
OMB Reduced level (5%).....	108,300	108,300
Agency Request level.....	<u>119,743</u>	<u>119,743</u>

RAILROAD RETIREMENT BOARD

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

Summary	2015 Estimates	
	Budget Authority	Outlays
Federal funds (see previous page) ^{1/}	1,275,540	1,275,540
Trust funds (see previous page) ^{2/}	14,250,000	14,244,000
Deductions for offsetting receipts:		
Intrafund transactions (OASDI transfer) ^{3/}	(3,990,500)	(3,990,500)
Intrafund transactions (NRRIT transfers) ^{3/}	(1,834,000)	(1,834,000)
Proprietary receipts from the public ^{4/}	(468,000)	(468,000)
Interfund transactions ^{5/}	<u>(1,241,540)</u>	<u>(1,241,540)</u>
TOTAL	<u>7,991,500</u>	<u>7,985,500</u>

^{1/} Represents budget authority and outlays for the Dual Benefits Payments Account and the Federal Payments to the Railroad Retirement Accounts.

^{2/} 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.

^{3/} Represents the financial interchange transfer amount of \$3,990,500,000 expected from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds and a transfer of \$1,834,000,000 from the NRRIT to the Railroad Retirement Account.

^{4/} Estimate of interest and dividends on non-Federal securities earned by the NRRIT.

^{5/} Represents budget authority and outlays for the Federal Payments to the Railroad Retirement Accounts.

RAILROAD RETIREMENT BOARD

Program Evaluation and Data Analysis as of August 2013

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, 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 operations 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 contractors 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.

RAILROAD RETIREMENT BOARD

Program Evaluation and Data Analysis as of August 2013

Frequency: Periodic

- *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*
PEMS 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 the dollar amount 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 dollar amount of RUIA benefits paid.
 Frequency: Annual

RAILROAD RETIREMENT BOARD

Program Evaluation and Data Analysis as of August 2013

- *Validation and special studies*
PEMS performs various validation and special reviews to provide management assurance that specific processes are operating as designed, to identify problems, or to 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 insurance 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, the Improper Payments Elimination and Recovery Act and defined by OMB guidance. The results of this analysis are included in the agency's P&AR.
Frequency: Annual

RAILROAD RETIREMENT BOARD

Financial Management Systems

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 CGI's cloud hosting service on October 1, 2013. CGI is a commercial shared service provider (SSP) for financial system services. CGI was selected after numerous pre-migration activities which included an assessment and study of the RRB legacy system in 2010, preparation of a Capital Asset Plan and Business Case Summary (OMB Exhibit 300) in 2011 and issuing an Request for Proposal (RFP) which was addressed to both Federal Government and commercial SSP's in 2012. CGI's selection was based on both its cost and functional proposals.

The new cloud service will support the RRB's budget formulation and execution, general ledger and trust fund accounting, procurement, fixed assets and administrative accounts payable and receivable requirements. The RRB will continue to use a separate Program Accounts Receivable (PAR) system originally developed using the accounts receivable component of its legacy financial system which supports management of receivables arising from benefit payment programs and complies with debt collection legislation. Because of the complex nature of the electronic interfaces between PAR and the RRB benefit paying systems, RRB plans to migrate this component to an SSP in the future contingent on the availability of funding.

RRB currently utilizes shared service providers for several other E-Government functions. RRB uses the travel management services of the Bureau of the Public Debt for change-of-station, and contracted with Carlson Wagonlit Government Travel (CWGT) in fiscal year 2005 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

RAILROAD RETIREMENT BOARD

Financial Management Systems

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 among 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 continue to comply with applicable laws, regulations, standards and guidelines, and conform to financial system management controls and information resources management requirements and standards.

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.

Migrate the current core financial system to a shared service provider (SSP) as recommended by the "FFS Assessment and Reporting Study," beginning with fiscal year 2014. Interact with both CGI and its clients to ensure that future versions of the shared service financial software comply with all applicable laws and regulations.

RAILROAD RETIREMENT BOARD

Financial Management Systems

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.

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.

RAILROAD RETIREMENT BOARD

Financial Management Systems

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.

Limitations of the legacy benefit systems have delayed automated interfaces to the financial system but future state plans include these interfaces following the scheduled migration to a shared service provider (SSP). An extensive system of automated interfaces between the benefit payment systems and PAR records debts arising from payment of railroad retirement and unemployment and sickness benefits along with recoveries.

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 (www.rrb.gov).

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.

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 the extensive query and reporting features of the new SSP cloud service to retrieve information from the financial system in end-user specified formats or office suite formats, with the intent of meeting user requirements.

RAILROAD RETIREMENT BOARD

Financial Management Systems

Status: Migration to the new cloud service financial system will give individual clients ability to query and program reports 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 have performed a full requirements analysis with contractual assistance 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 Systems

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, 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 2012. 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 96 of RRB's Financial Statements for Fiscal Year 2012 states:

For reasons explained on the following pages, the RRB-OIG does not express an opinion on the RRB's financial statements for FY 2012. We have also found it necessary to change our previous audit opinion from unqualified to disclaimer for the RRB's FY 2011 and FY 2010 financial statements. The statements impacted consist of: 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, 2012, 2011 and 2010; and the financial condition of the Railroad Retirement program, social insurance, as of January 1, 2012 and 2011, and changes in the financial condition of the program for the year ended December 31, 2011 and 2010. For reasons also explained on the following pages, we found that the statements of social insurance as of January 1, 2010, 2009 and 2008 present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the financial condition of the Railroad Retirement program as of January 1, 2010, 2009 and 2008.

RAILROAD RETIREMENT BOARD**Financial Management Systems**

The *Auditor's Report – Emphasis of Matters* on page 99 of RRB's Financial Statements for Fiscal Year 2012 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, 2012, the reported value of the net assets of the NRRIT was approximately \$1.5 billion higher than reported at September 30, 2011. The RRB discusses its relationship with the NRRIT in Note 2 and Note 5 to the financial statements, and describes the impact of changes in the Treasury Securities and Assets held by the Program on social insurance 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 \$4.2 billion (net), or about 35% of the financing sources reported on the RRB's statement of changes in net position for FY 2012 before considering the change in the reported value of NRRIT net assets. For FY 2011, financial interchange transfers of \$4 billion (net) represented about 34% 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 101 of RRB's Financial Statements for Fiscal Year 2012 states as follows:

Our tests of the RRB's compliance with selected provisions of laws and regulations for FY 2012 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 three material weaknesses in its *Consideration of Internal Control*, from which excerpts follow.

RAILROAD RETIREMENT BOARD

Financial Management Systems

Material Weaknesses

Information Technology Security – Risk Management Framework

During FY 2012 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 found that weaknesses regarding the review of contractor deliverables associated with the risk management framework continue to be found. Although agency managers are working to strengthen controls, management action had either not been completed as of the end of the current reporting period, or had not been in place long enough to permit evaluation.

Information Technology Security – Configuration Management

During FY 2012, the OIG evaluated the RRB's information security pursuant to the provisions of FISMA. OIG auditors found that weaknesses associated with the configuration management of some agency systems continue to be found. Although agency managers are working to remediate these weaknesses, management action had not been completed as of the end of the current period.

Budgetary Reporting

In FY 2011, we reported a material weakness for budgetary reporting and recommended that the Bureau of Fiscal Operations (BFO) provide training for the preparation of the statement and implement a review process to ensure the accuracy of calculations, consistency in recorded amounts and effectiveness of controls. In an effort to address this material weakness, BFO staff conducted budgetary training for the accountants in March 2012. Although BFO has made an effort toward attempting to address this weakness the training was not sufficient to prevent the financial reporting errors found in the June 30, 2012 Statement of Budgetary Resources. In addition, corrective action remains to be taken regarding an improved review process to ensure the accuracy of calculations, consistency in recorded amounts and effectiveness of controls.

The RRB is working to address these weaknesses.

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 regulations required recipients of Federal nontax payments to receive payment by EFT effective May 1, 2011. The effective date was 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[®] Debit MasterCard[®] 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 were receiving payments by paper check on March 1, 2013; for payments not eligible for deposit to a Direct Express[®] prepaid card account; and for recipients whose Direct Express[®] 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[®] to Railroad Retirement Act (RRA) beneficiaries in March 2011. As of July 1, 2013, there were 2,266 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, 2013, there were 1,653 beneficiaries enrolled in the IDD program.

RRB completed program changes that would allow child support payments, that are withheld from RRB monthly benefits and paid to State agencies, to be made by EFT. The changes were completed in August 2012; effective with payments issued beginning September 1, 2012. Work to convert daily retirement/survivor and unemployment/sickness payments is expected to be completed by October 1, 2014.

The chart on the following page shows a comparison of EFT payments with non-EFT payments during fiscal year 2013 (through July).

Electronic Funds Transfer/Vendor Express

Payments October 2012 through June 2013

<u>Payment Type</u>	<u>Direct Deposit</u>	<u>Treasury Check</u>
<u>RRA</u> ^{1/}		
Number of payments	5,624,038	151,837
Percent of payments	97.4%	2.6%
Amount of payments	\$9,895,621,005	\$209,462,500
Percent of RRA payment amount	97.9%	2.1%
<u>RUIA</u> ^{2/}		
Number of payments	151,843	9,070
Percent of payments	94.4%	5.6%
Amount of payments	\$89,718,554	\$4,305,037
Percent of RUIA payment amount	95.4%	4.6%

^{1/} In July 2012, 95.2 percent of RRA payments were through EFT; in July 2013, 98.7 percent of RRA payments were through EFT.

^{2/} In July 2012, 9.3 percent of RUIA payments were through EFT; in July 2013, 98.7 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 2013 (through June) compare with payments made by Treasury check as follows:

	<u>Vendor Express</u>	<u>Treasury Check</u>
Number of payments (invoices)	8,696	865 ^{a/}
Percent of payments	91.0%	9.0%
Amount of payments	\$16,852,822	\$1,707,736
Percent of payment amount	91.0%	9.0%

^{a/} In some cases, multiple invoices were paid with a single check. The total number of checks prepared was 865.

Space Budget Justification

I. Agency: Railroad Retirement Board
 Bureau: Railroad Retirement Board
 GSA Bureau Code: 6000
 Date: September 16, 2013

Railroad Retirement Board (obligations in thousands of dollars)

		PY		CY		BY		BY + 1	
		SQ FT	\$						
OMB approved inflation factor:			1.70%		1.60%		1.60%		1.60%
PART 1: RENTAL PAYMENTS TO GSA									
II.	GSA rent estimate	391,967	\$3,063	391,969	\$3,248	391,969	\$3,258	391,969	\$3,310
III.	From Worksheet TAB Agency adjustments to the bill:								
	Chargebacks:	0	\$0	0	\$0	0	\$0	0	\$0
	Other adjustments	0	\$0	0	\$0	0	\$0	0	\$0
	Statutorily imposed rent caps	0	\$0	0	\$0	0	\$0	0	\$0
III.	Planned changes to inventory:								
	PY	(19)	(\$8)	(19)	(\$42)	(19)	(\$42)	(19)	(\$42)
	CY			(190)	(\$4)	(190)	(\$4)	(190)	(\$4)
	BY					(16)	(\$4)	(16)	(\$4)
	BY + 1							0	\$0
IV.	Requested program changes:								
	PY								
	CY			0	\$0	0	\$0	0	\$0
	BY								
	BY + 1							0	\$0
Total, net rental payments to GSA		391,948	\$3,055	391,760	\$3,202	391,743	\$3,207	391,743	\$3,259
PART 1.A: FUNDING SOURCES FOR RENTAL PAYMENTS to GSA									
<u>Funded by direct appropriations:</u>									
Account title and ID code:									
	Acct. 1 Limitation on Administration (60-8237-0-7-601)		\$3,055		\$3,202		\$3,207		\$3,259
	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		\$3,055		\$3,202		\$3,207		\$3,259
<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
Total funding sources (object class 23.1)			\$3,055		\$3,202		\$3,207		\$3,259
Control difference			\$0		\$0		\$0		\$0
PART 2: RENTAL PAYMENTS TO OTHERS									
Non-Federal sources (object class 23.2)									
Federal sources (object class 25.3)									
Total rental payments to others		0	\$0	0	\$0	0	\$0	0	\$0

RAILROAD RETIREMENT BOARD

Employee Relocation Costs

Budget Object Code	2013 Budgeted	2014 Planned	2015 OMB Guidance 10% Reduction	2015 OMB Guidance 5% Reduction	2015 Agency Request
126. Change-of-station	\$97,390	\$240,000	\$240,000	240,000	\$240,000
211. Travel	1,200	4,000	4,000	4,000	4,000
221. Transportation of things	17,500	48,000	48,000	48,000	48,000
252. Government contracts	0	0	0	0	0
255. Storage of household goods	8,500	30,000	30,000	30,000	30,000
Total	\$124,590	\$322,000	\$322,000	\$322,000	\$322,000

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 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. The classes focus on strengthening, stretching and flexibility exercises. Chair yoga classes have also begun for employees who have any difficulties participating in the floor yoga.

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 **Cardiac Risk Screening and Prevention Program including Hypertension Screening** 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. Additional screenings included in this program are Body Mass Index and measurement of Central Abdominal Girth, which are other screenings used as predictors of the risk for developing diabetes and/or heart disease.

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; a session about heart disease, also presented by a physician, diabetes education and prevention, conducted by a Certified Diabetes Educator/Registered Nurse and a program presented by a professional chef.

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

RAILROAD RETIREMENT BOARD

Wellness Initiatives

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 dieticians.

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.

RAILROAD RETIREMENT BOARD

Wellness Initiatives

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.

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 University Medical Center's Training Center. The Rush Training Center follows the CPR guidelines of the American Heart Association. The RRB has six AED units which are placed strategically throughout the building.

Medical Emergency Response Team (MERT) and CPR Program are ongoing with CPR/AED training classes offered to all employees. Additional skills' testing is conducted twice a year for employees who volunteer to be on the MERT to prepare for response if there is a cardiac emergency in the building.

Influenza immunizations are provided every year to all interested headquarters employees. In fiscal year 2012, a total of 347 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 four different types of cardio machines, a weight/resistance machine, as well as stretching, resistance, strengthening and balancing equipment. Employees can use the facility before work, during lunch time or after work. A recognition event has been held annually for the past 2 years to acknowledge employees who have attained a consistent number of work-outs in the facility.

An in-house blood drive is held twice during the year. A recognition event is held annually to honor donors who have attained at least 1 gallon (8 pints) of blood donations.