
RAILROAD RETIREMENT BOARD

Public Release



**FISCAL YEAR 2024
BUDGET SUBMISSION**



UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-1275

BOARD MEMBERS:

ERHARD R. CHORLÉ, CHAIRMAN

JOHN BRAGG, LABOR MEMBER

THOMAS JAYNE, MANAGEMENT MEMBER

The Honorable Shalanda D. Young
Director
Office of Management and Budget
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Dear Ms. Young:

Enclosed is our budget request for fiscal year 2024. 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 Railroad Retirement Board (RRB) requests direct funding of \$175.506 million, where \$162.006 million would support an estimated 880 full time equivalents (FTEs) and \$13.5 million for RRB's ongoing Information Technology (IT) Modernization Program. Even though we are progressing with our modernization efforts, operational costs are rising as we shift into a hybrid or transitional IT environment. In this hybrid IT environment, RRB must simultaneously allocate staffing and funding to sustain critical benefits administration operations via legacy applications and IT systems, maintain early-modernized components of the IT program, and persist through RRB's ongoing IT Modernization Program. Continuing to operate in this hybrid or transitional IT state requires sufficient FTEs to sustain benefit determination and payment operations, which still rely heavily on manual processing. The RRB requests direct funding of \$162.006 million, exclusive of IT modernization funds, to allow the RRB to better manage workloads and the impact of significant attrition until IT modernization efforts are fully integrated into agency processing.

For fiscal year 2024, the RRB is seeking \$13.5 million of IT Modernization No-Year funding to further RRB's IT Modernization Program, which consists of three phases: *Stabilize*, *Modernize*, and *Perform*. Since 2018, the RRB has received incrementally appropriated IT modernization funds for its IT Modernization Program as well as funding provided under Public Laws (P.L.) 116-136, *CARES Act* and P.L. 117-2, *American Rescue Plan Act of 2021* (ARPA) and with these funds has made significant progress to stabilize the RRB enterprise. Specifically, RRB successfully established its cloud presences and modernized its commercial productivity

applications, as well as awarded Enterprise Infrastructure Solutions (EIS) contracts for enterprise telecommunications and data networks, which positioned the agency to continue its mission during an ongoing global pandemic. As the RRB finalizes its efforts in the Stabilize Phase and plans to shift to modernizing its IT systems and legacy application in the Modernize Phase, the RRB is seeking \$13.5 million for specific IT initiatives that are required to solidify our foundation in the expected multi-year Modernize Phase.

[REDACTED]

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2024 costs of vested dual benefits, \$8 million, with a 2 percent reserve of \$160,000. The RRB also requests \$1.258 billion for applicable military service credits through December 2020, with interest through September 1, 2022.

Finally, included in the budget submission are five agency legislative proposals. The first would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies. The second would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize student and recent graduate hiring authorities available to other Federal agencies. The third would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency. The fourth would amend the Balanced Budget and Emergency Deficit Control Act of 1985 and the Statutory Pay-As-You-Go Act of 2010 to include the Railroad Unemployment Insurance Trust Fund in the list of accounts, which are exempt from sequestration. The final would amend the Railroad Retirement and the Railroad Unemployment Insurance Acts to allow a limited amount of unobligated balances fiscal year 2024 and de-obligated balances of expired fiscal year 2024 funds to remain available until expended in support of the Board's Information Technology Investment Initiatives.

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 2024 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Original signed
FOR THE BOARD
Stephanie Hillyard
Secretary to the Board
September 12, 2022

Enclosure

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UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-1275

BOARD MEMBERS:

ERHARD R. CHORLÉ, CHAIRMAN

JOHN BRAGG, LABOR MEMBER

THOMAS JAYNE, MANAGEMENT MEMBER

The Honorable Kamala Harris
President of the Senate
S-212 Capitol Building
Washington, D.C. 20510

Dear Madam President:

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FOR THE BOARD
Stephanie Hillyard
Secretary to the Board
September 12, 2022

Enclosure

cc: Honorable Patrick J. Leahy
Chairman, Senate Committee on Appropriations

Honorable Richard Shelby
Vice Chairman, Senate Committee on Appropriations

Honorable Patty Murray
Chair, Senate Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

Honorable Roy Blunt
Ranking Member, Senate Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

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BOARD MEMBERS:

ERHARD R. CHORLÉ, CHAIRMAN

JOHN BRAGG, LABOR MEMBER

THOMAS JAYNE, MANAGEMENT MEMBER

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232 Capitol Building
Washington, D.C. 20515

Dear Madam Speaker:

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Sincerely,

Original signed
FOR THE BOARD
Stephanie Hillyard
Secretary to the Board
September 12, 2022

Enclosure

cc: Honorable Rosa DeLauro
Chair, House Committee on Appropriations

Honorable Kay Granger
Ranking Member, House Committee on Appropriations

Honorable Rosa DeLauro
Chair, House Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

Honorable Tom Cole
Ranking Member, House Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

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**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2024 BUDGET SUBMISSION**

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**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2024 BUDGET SUBMISSION**

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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 2021, the SSEB Account also receives transfers from the general fund of the Treasury due to the temporary payroll tax reduction provisions of Public Laws 116-127, Families First Coronavirus Response Act, and 116-136, CARES Act.

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 page 2 identifies the estimated budget authority and outlays for this account for fiscal years 2022 through 2032. The estimates are based on the Bureau of Actuary and Research's February 2022 review, issued July 2022.

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

Analysis of Resources
(in thousands of dollars)

| | | | <u>Current Services</u> | |
|-------------------|--------------------|--------------------|--------------------------------|--------------------|
| | <u>2022</u> | <u>2023</u> | <u>2024</u> | |
| Budget authority | 7,930,900 | 8,559,000 | 8,916,000 | |
| Outlays | 7,897,900 | 8,512,300 | 8,899,400 | |
| | | | | |
| | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> |
| Budget authority: | | | | |
| Current services | 9,070,400 | 9,208,400 | 9,348,900 | 9,487,200 |
| Outlays: | | | | |
| Current services | 9,066,300 | 9,198,600 | 9,342,200 | 9,477,100 |
| | | | | |
| | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> |
| Budget authority: | | | | |
| Current services | 9,627,900 | 9,766,100 | 9,903,000 | 10,042,200 |
| Outlays: | | | | |
| Current services | 9,617,700 | 9,755,800 | 9,891,800 | 10,030,300 |

Notes: In March 2022, the RRB paid social security equivalent benefits to 409,000 beneficiaries.
The RRB estimates that in March 2023 and 2024, the agency will pay these benefits to 403,000 and 397,000 beneficiaries, respectively.

OMB A-11 Reference: Section 51.1 (August, 2022)

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 page 4 identifies estimated budget authority and outlays for this account for fiscal years 2022 through 2032. The estimates are based on the Bureau of Actuary and Research's update of the February 2022 review, revised July 2022.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources (in thousands of dollars)

| | <u>2022</u> | <u>2023</u> | <u>Current Services 2024</u> | |
|-------------------|-------------|-------------|--------------------------------------|-------------|
| Budget authority: | 5,654,000 | 5,776,400 | 5,856,500 | |
| Outlays: | 5,643,900 | 5,761,700 | 5,846,800 | |
| | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> |
| Budget authority: | | | | |
| Current services | 5,910,900 | 5,962,500 | 6,016,100 | 6,071,900 |
| Outlays: | | | | |
| Current services | 5,902,300 | 5,953,100 | 6,004,300 | 6,058,700 |
| | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> |
| Budget authority: | | | | |
| Current services | 6,131,800 | 6,192,800 | 6,253,100 | 6,306,300 |
| Outlays: | | | | |
| Current services | 6,117,400 | 6,177,300 | 6,237,400 | 6,291,400 |

Notes: The RRB paid tier II benefits to 464,000 beneficiaries in March 2022. The agency expects to pay these benefits to 457,000 beneficiaries in March 2023 and 451,000 beneficiaries in March 2024. The RRB also paid supplemental annuities to 108,000 beneficiaries in March 2022. The agency expects to pay supplemental annuities to 104,000 beneficiaries in March 2023, and 99,000 beneficiaries in March 2024.

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).

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 2024 appropriation request includes \$1,258M for applicable military service credits through December 2020, with interest through September 1, 2022. Excluded are all costs for which the RRB has already received credits.

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 2024, which shall remain available through September 30, 2025.

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 2024 that do not require appropriation action include \$404 million in income taxes on the social security equivalent portion of tier I benefits, and \$439 million in income taxes on tier II benefits and the non-social security equivalent portion of tier I benefits.

Requested appropriation

The table on page 7 identifies the estimated budget authority and outlays for this account for fiscal years 2022 through 2032. The estimates are based on the Bureau of Actuary and Research's issued June 2022. 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>Current Services</u> | | | |
|-------------------|--------------------------------|--------------------|----------------------------------|--------------------|
| | <u>2022</u> | <u>2023</u> | <u>2024</u> ^{1/} | |
| Budget authority: | 781,150 | 821,150 | 2,101,150 | |
| Outlays: | 781,150 | 821,150 | 2,101,150 | |
| | | | | |
| | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> |
| Budget authority: | | | | |
| Current Services | 868,150 | 995,150 | 1,068,150 | 1,104,150 |
| Outlays: | | | | |
| Current services | 868,150 | 995,150 | 1,068,150 | 1,104,150 |
| | | | | |
| | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> |
| Budget authority: | | | | |
| Current Services | 1,132,150 | 1,165,150 | 1,202,150 | 1,242,150 |
| Outlays: | | | | |
| Current services | 1,132,150 | 1,165,150 | 1,202,150 | 1,242,150 |

^{1/} Fiscal year 2024 budget authority and outlay amounts for current services include \$1,258M for military service credits through December 2020 with interest through September 1, 2022.

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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 systems 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 page 11 identifies the estimated budget authority and outlays for the Dual Benefits Payments Account for fiscal years 2022 through 2032.

The Consolidated Appropriations Act, 2022 (P.L. 117-103) provided \$11,000,000 for the payment of vested dual benefits.

The estimate for fiscal year 2023 includes \$9,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve of \$180,000 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 2024, the RRB requests an appropriation of \$8,000,000 to pay vested dual benefits, plus a 2 percent reserve of \$160,000 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 \$0 in income taxes on these benefits will be credited to the Dual Benefits Payments Account. The estimates are based on the Bureau of Actuary and Research's June 2022 review, issued July 2022.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources (in thousands of dollars)

| | <u>2022</u> | <u>2023</u> | <u>Current Services 2024</u> | |
|-------------------|-------------|-------------|--------------------------------------|-------------|
| Budget authority: | 11,000 | 9,000 | 8,000 | |
| Outlays: | 11,000 | 9,000 | 8,000 | |
| | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> |
| Budget authority: | | | | |
| Current Services | 6,000 | 5,000 | 4,000 | 3,000 |
| Outlays: | | | | |
| Current Services | 6,000 | 5,000 | 4,000 | 3,000 |
| | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> |
| Budget authority: | | | | |
| Current Services | 3,000 | 2,000 | 2,000 | 1,000 |
| Outlays: | | | | |
| Current Services | 3,000 | 2,000 | 2,000 | 1,000 |

Note: The budget estimates for this account include its share of interest on non-negotiated checks through Fiscal year 2023. The RRB paid vested dual benefits to 5,000 beneficiaries in March 2022. The agency expects to pay these benefits to 4,000 beneficiaries in March 2023, and 3,000 beneficiaries in March 2024.

OMB A-11 Reference: Section 51.1 (August, 2022)

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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 and transfer to the RRB for the Specialty Medicare Administrative Contractor (SMAC).

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 2024: \$13.5 billion to 507,000 persons in fiscal year 2022, \$14.2 billion to 499,000 persons in fiscal year 2023, and \$14.6 billion to 493,000 persons in fiscal year 2024.

Legislative history

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

Legislation was enacted in 1934, 1935 and 1937 to establish a railroad retirement system separate from the social security program legislated in 1935. Such legislation, taking into account the particular circumstances of the railroad industry, was not without precedent. Numerous laws pertaining to railroad operations and safety had already been enacted since the Interstate Commerce Act of 1887. Since passage of the Railroad Retirement Acts of the 1930s, numerous other railroad laws have subsequently been enacted.

Railroad Retirement and Survivors' Improvement Act of 2001

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

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

Coordination with Social Security

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

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

Sources of income for the retirement/survivor benefit program

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

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

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

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

Unemployment/Sickness Insurance Program

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

In the benefit year that ended June 30, 2022, the RRB paid \$37.0 million in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered 7,308,329 resulting in net payments of \$29,691,671 to a total of 6,600 unemployment insurance claimants. During the same period, the RRB paid \$90.7 million in sickness insurance benefits from the RUI Account, and recovered \$18,788,118 resulting in net payments of \$71,911,882 to a total of 18,700 sickness insurance claimants. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, amounts reflect a reduction of 6.2% under sequestration for days of unemployment and sickness after September 30, 2018, 5.9% for days after September 30, 2019, and 5.7% for days after September 30, 2020 and before January 3, 2021. Beginning January 3, 2021, the Continued Assistance to Rail Workers Act of 2020 temporarily suspended sequestration until 30 days after a Presidential declaration of an end to the national emergency concerning the COVID-19 pandemic.

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, enhanced unemployment benefits, and waiting period waiver unemployment and sickness benefits are also now payable to some railroad workers under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (P.L. 116-136), the Continued Assistance to Rail Workers Act of 2020 (P.L. 116-260), and the American Rescue Plan Act of 2021 (P.L. 117-2), 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 2024

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

| <u>Budget Level</u> | <u>FTEs</u> ^{2/} | <u>Amount</u> ^{1/} (\$ thousands) |
|----------------------|---------------------------|---|
| Agency Request Level | 880 | \$175,506 |

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

^{2/} FTEs includes reimbsurements.

OMB A-11 Reference: Section 51.1 (August, 2022)

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

| | FY 2022 (A) | CHANGE (B) | FY 2023 House Mark (C) | CHANGE (D) | FY 2024 AGENCY REQUEST (E) |
|---|----------------|---------------|---------------------------|---------------|----------------------------------|
| TOTAL FTEs (INCLUDING REIMBURSABLE) | 756 | (0) | 756 | 124 | 880 |
| TOTAL RRB DIRECT PROGRAM OBLIGATIONS | | | | - | |
| 11.1 FULL-TIME PERMANENT | 65,081 | 2,133 | 67,214 | 18,068 | 85,281 |
| 11.3 OTHER THAN FULL-TIME PERMANENT | 977 | (389) | 588 | 161 | 749 |
| 11.5 OTHER PERSONNEL COMPENSATION | 1,992 | (174) | 1,818 | 511 | 2,329 |
| 11.9 TOTAL PERSONNEL COMPENSATION | 68,049 | 1,570 | 69,620 | 18,739 | 88,359 |
| 12.1 PERSONNEL BENEFITS: CIVILIAN | 25,123 | 609 | 25,732 | 6,911 | 32,643 |
| 13.0 BENEFITS FOR FORMER PERSONNEL | 121 | 9 | 130 | (21) | 108 |
| 21.0 TRAVEL AND TRANSPORTATION OF PERSONS | 839 | (489) | 350 | - | 350 |
| 22.0 TRANSPORTATION OF THINGS | 57 | (24) | 33 | - | 33 |
| 23.1 RENTAL PAYMENTS TO GSA | 3,700 | - | 3,700 | - | 3,700 |
| 23.3 COMMUNICATIONS, UTILITIES, & MISC. CHARGES | 7,398 | (811) | 6,587 | 156 | 6,743 |
| 24.0 PRINTING AND REPRODUCTION | 269 | 21 | 290 | 25 | 315 |
| 25.0 OTHER SERVICES | 17,541 | 6,486 | 24,027 | 4,380 | 28,407 |
| 26.0 SUPPLIES AND MATERIALS | 660 | (57) | 603 | 85 | 688 |
| 31.0 EQUIPMENT | 244 | 352 | 596 | 65 | 662 |
| TOTAL RRB DIRECT OBLIGATIONS | 124,000 | 7,666 | 131,666 | 30,340 | 162,006 |
| REIMBURSABLE AND TRANSFER OBLIGATIONS | 39,266 | (8,402) | 30,863 | (496) | 30,367 |
| PLUS: NO-YEAR FUNDING FOR IT INITIATIVES | - | - | - | 13,500 | 13,500 |
| TOTAL RRB OBLIGATIONS | 163,266 | (736) | 162,529 | 43,344 | 205,873 |
| DIRECT OBLIGATIONS AND NO YEAR | 124,000 | 7,666 | 131,666 | 43,840 | 175,506 |

- Salary and benefit estimates reflect a 4.6% pay increase in January 2023 and 4.0% in January 2024.
- The average FTE cost for fiscal year 2022 is \$133,997, fiscal year 2023 average FTE cost of \$141,177, and fiscal year 2024 average FTE cost of \$148,801.
- Column (A): Fiscal year 2022 amounts reflect allocations as of June 15, 2022 for Railroad Retirement Board funding of the Limitation on Administration provided by P.L. FY22 PL: 117-103.
- Fiscal year 2022 CMS Reimbursable and Transfer consists of \$11,020,881 for Medicare Parts B and C, \$757,125 for Medicare Part D, \$26,976,390 for SMAC Transfer and \$511,306 miscellaneous. Fiscal year 2023 CMS Reimbursable and Transfer consists of \$12,069,624 for Medicare Parts B and C, \$782,339 for Medicare Part D, \$17,500,000 for SMAC Transfer and \$511,306 miscellaneous. Fiscal year 2024 CMS Reimbursable and Transfer consists of \$11,575,948 for Medicare Parts B and C, \$778,851 for Medicare Part D, \$17,500,000 for SMAC Transfer and \$512,306 miscellaneous. BOC 25.0 does not include SMAC transfer.
- Details may not add to totals due to rounding.

Cybersecurity Priorities Identified for M-22-16

Aside from the Cybersecurity initiative outlined in Information Technology Modernization Program Initiatives discussed further within this document, the RRB also will focus in FY2024 on the priorities outlined in OMB memorandum M-22-16 and has included a budget request for \$2,000,000 in budget object class code 2520. The memorandum, requires Federal Civilian Executive Branch (FCEB) agencies to make investments in three cyber investment priority areas: Improving the Defense and Resilience of Government Networks; Deepening Cross-Sector Collaboration in Defense of Critical Infrastructure; and Strengthening the Foundations of Our Digitally-Enabled Future. Of the priorities noted in M-22-16, the RRB will focus its Cybersecurity investment priorities in the following areas from the memorandum:

Zero Trust Implementation (\$600,000)

- The RRB submitted Zero Trust implementation plans to OMB and is engaging with the cross-government team of cybersecurity experts from OMB, ONCD, and CISA.
- The RRB's Zero Trust implementation approach is to further protect the agency's current and future environments through the use of strong authentication methods, leveraging network segmentation, preventing lateral movement, providing layer 7 threat prevention, and simplifying granular, "least access" policies throughout the RRB's Modernization program.

IT Modernization for Federal Cybersecurity by Design (\$1,000,000)

- The RRB will continue participating in shared security technologies, including active engagement with the Department of Homeland Security's Continuous Diagnostics and Mitigation program matures to ensure up-to-date technologies are implemented and agency requirements are funded.
- The RRB will implement an Azure DevSecOps solution and follow agile development practices to employ immutable infrastructure. DevSecOps is a set of software development practices that combines software development (Dev), security (Sec), and information technology operations (Ops) to secure the outcome and shorten the development lifecycle.

Human Capital (\$400,000)

- The RRB will hire a Secure Software Assessor (Application Security Specialist). The Secure Software Assessor role analyzes the security of new or existing computer applications, software, or specialized utility programs and provides actionable results.
- The RRB will explore, as appropriate and within the bounds of statutory authorities, mission-driven, person-focused, and market-sensitive approach to talent management for cybersecurity positions similar to the Talent Management System enacted by the Department of Homeland Security in November 2021.

The above M-22-16 priorities align with Goal 2 – Secure the Enterprise, one of the RRB's Four Strategic Goals for its modernization.

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment ^{a/}

| Series | Rank | FY 2022 Estimate | FY 2023 ^{b/} House Mark | FY 2024 Agency Request |
|-----------------------------|-----------------|---------------------|-------------------------------------|---------------------------|
| Executive | Level III | 1 | 1 | 1 |
| | Level IV | 2 | 2 | 2 |
| | Subtotal | 3 | 3 | 3 |
| Senior Executive Service | ES-00 | 7 | 7 | 7 |
| | Subtotal | 7 | 7 | 7 |
| General Schedule/Management | GS/GM-15 | 38 | 38 | 40 |
| | GS/GM-14 | 75 | 75 | 73 |
| | GS/GM-13 | 86 | 86 | 103 |
| | GS-12 | 167 | 167 | 218 |
| | GS-11 | 109 | 109 | 115 |
| | GS-10 | 91 | 91 | 137 |
| | GS-9 | 29 | 29 | 46 |
| | GS-8 | 43 | 43 | 52 |
| | GS-7 | 59 | 59 | 26 |
| | GS-6 | 6 | 6 | 7 |
| | GS-5 | 38 | 38 | 30 |
| | GS-4 | 5 | 5 | 23 |
| | GS-3 | 0 | 0 | 0 |
| | GS-2 | 0 | 0 | 0 |
| | Subtotal | 746 | 746 | 870 |
| Combined | Total | 756 | 756 | 880 |

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 budget for fiscal year 2023.

OMB A-11 Reference: Section 51.1 (August, 2022)

RAILROAD RETIREMENT BOARD
Full-Time Equivalent Employees by Organization

| Organization | FY 2022 ^{1/} | FY 2023 House Mark ^{2/} | FY 2024 Agency Request |
|----------------------------------|------------------------------|---|-----------------------------------|
| Chairman | 5 | -- | -- |
| Labor | 4 | -- | -- |
| Management | 7 | -- | -- |
| Subtotal, Board | 16 | -- | -- |
| General Counsel/Law | 14 | -- | -- |
| Hearings and Appeals | 6 | -- | -- |
| Legislative Affairs | 3 | -- | -- |
| Secretary to the Board | 2 | -- | -- |
| Subtotal, General Counsel | 26 | -- | -- |
| Office of Equal Opportunity | 2 | -- | -- |
| Office of Programs | 268 | -- | -- |
| CFO/Fiscal Operations | 50 | -- | -- |
| Actuary Research | 19 | -- | -- |
| Office of Administration | 57 | -- | -- |
| Field Service | 221 | -- | -- |
| Information Services | 99 | -- | -- |
| Total | 756 | 756 | 880 |

^{1/} Amounts are rounded to the nearest FTE and reflect projected use through end of fiscal year PP 12 as of June 04, 2022. The RRB's fiscal year 2022 budget includes funding for 756 FTEs. Amounts may not add to total due to rounding.

^{2/} Reflects projected total FTE staffing at the House Mark (H.R. 2471) of \$124 million for agency operations.

RAILROAD RETIREMENT BOARD

Narrative Description of Strategic Goals

The RRB's budget request for ongoing operations is distributed between three areas that match the goals stated in the agency's Strategic Plan for Fiscal Years 2022 through 2026.

- | | |
|---------------------|---|
| Strategic Goal I. | Modernize Information Technology (IT) Operations to Sustain Mission Essential Services. |
| Strategic Goal II. | Provide excellent customer service. |
| Strategic Goal III. | 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 2024. Activities in each area are described in the following sections. The Performance Plan contains additional information concerning performance measures for each goal.

I. Modernize Information Technology (IT) Operations to Sustain Mission Essential Services.

As we have stated before, our mission essential programs are strained under the burden of legacy computer systems built over 40 years ago. Additionally, in recent years, we have endured a significant drain of institutional knowledge regarding these legacy systems and applications as well. Several years ago we set out to modernize the enterprise, including all legacy IT systems and applications to continue providing the excellent service to our beneficiaries. In the past few years, we made significant strides, but there is more to be done. Our current IT Modernization Program is a three-phased program to achieve such a comprehensive task. Today, we find ourselves preparing to complete the Stabilize Phase, where we established our cloud presence and modernized our support of a remote and hybrid workforce. We are now set to begin the Modernize Phase, where the focus will be two-fold – 1) To deliver new online services and applications to improve the annuitant and applicant experiences, and 2) To gain efficiencies in core business processes, both supporting the RRB mission.

Simultaneously, we continue to improve our agency security posture as we modernize. Our funding request has additional detail regarding our plan for compliance with newly released OMB memorandum, M 22-16, Administration Cybersecurity Priorities for the FY 2024 Budget (July 22, 2022). More detail regarding our application modernization funding request and plan for compliance with the federal zero trust strategy is included above in the Limitation on Administration section.

I-A. Strategic Objective: Legacy Systems Modernization.

The RRB is drafting an IRM Strategic Plan for Modernization with the following goals in support of the Agency's first Strategic Objective:

- *Improve the User Experience*
- *Secure the Enterprise*
- *Upskill the IT Team*
- *Optimize the Infrastructure*

To achieve these goals, the RRB will plan and implement key initiatives to begin the Modernize Phase of the IT Modernization Program. Those initiatives are captured in the Information Technology (IT) Update section of this budget submission.

The performance indicators that we will utilize to assess our progress toward our strategic objective and reference to the IRM Strategic Plan for Modernization Goals are as follows:

| FY 2024 Performance Plan Strategic Goal I-A. | IRM Strategic Plan for Modernization Goals. |
|--|---|
| I-A-6. Complete the development of business rules strategy and data layer components of the modernization. | <ul style="list-style-type: none">• Improve the User Experience• Upskill the IT Team |
| I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces. | <ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team |
| I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes. | <ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team |
| I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration. | <ul style="list-style-type: none">• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure |
| I-A-10. Evaluate the re-engineering assessment deliverables to determine a cost-effective path forward to application rationalization and streamline business processes. | <ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure |

II. 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 includes the following:

II-A. Strategic Objective: Pay benefits timely.

- *Inform our customer about the actions they can take to ensure that they receive payments in a correct, timely manner when eligible for benefits.*

- *Periodically, provide our customers clear guidance regarding their responsibilities to provide accurate, complete information and notify us of changes in status.*
- *Continue to inform employers of their responsibilities for providing timely, accurate, and efficient reports of railroad service and compensation and provide support as necessary.*
- *Continue work with employers to inform and improve modernization efforts that expand and enhance the use of available electronic reporting methods.*
- *Continue to expand paperless processing to increase efficiency and productivity in a virtual environment, to include the secure exchange of forms and medical evidence with third parties relative to administering the disability program.*

II-B. Strategic Objective: Provide a range of choices in service delivery methods.

- *Increase customer self-service options via the Internet, including the ability to send and transmit benefit-related data in a secure manner.*
- *Continue to expand the functionality and services offered through the toll-free number (877-772-5772 or 877-RRB-5RRB) to achieve faster customer response times and to promote effective workload distribution across field office locations.*
- *Continue to make improvements to its Employer Reporting System (ERS) to increase the amount of information relative to railroad compensation, employment and service that employers can exchange with the agency through the Internet.*

III. 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 includes the following:

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

- *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 collection policy.*

III-B. Strategic Objective: 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.*

III-C. Strategic Objective: Ensure effectiveness, efficiency, and security of operations.

- *Deliver – Deliver on Budget Percent of IT Projects costs within 10% of budgeted cost.*
- *Deliver – Meet Customer Expectations. WWW.RRB.GOV Internet Services (Mainline and Employer Reporting System) Continuous availability experienced by end users.*
- *Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.*
- *Protect – Strong Authentication (formerly Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate).*

III-D. 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. Additionally, the NRRIT and the Government Accountability Office (GAO) have entered into a voluntary memorandum of understanding to facilitate GAO's access to information supporting NRRIT's annual financial statements and related financial statement audits for purposes of conducting GAO's audits of the U.S. government's consolidated financial statements.

RAILROAD RETIREMENT BOARD

Appropriation Request by Strategic Goal

The RRB Performance Budget for Fiscal Year 2024 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. Modernize Information Technology (IT) Operations
- II. Customer service
- III. Stewardship

These goals are consistent with the RRB's Strategic Plan for Fiscal Years 2022-2026.

Projections for the fiscal year 2024 budget reflect three funding levels, as follows:

- The agency request level totals \$175,506,000 for fiscal year 2024, which includes \$162,006,000 for direct obligations and \$13,500,000 for continuation of RRB's IT Modernization Program. The direct obligations at this level would fund 880 FTEs to sustain the agency's mission essential functions.

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>2022</u> | <u>House Mark 2023</u> | <u>Agency Request 2024</u> |
|---|--------------------|---------------------------------------|---|
| <i>Budget authority:</i> | 124,000 | 131,666 | 175,506 |
| <i>Outlays:</i> | 124,000 | 131,666 | 175,506 |
| <i>Full-time equivalent employment:</i> | 756 | 756 | 880 |

| <u>Fiscal Year</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Budget authority:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |
| <i>Outlays:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |

* Amounts for these years are to be determined.

Strategic Goal - IT Modernization

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

Analysis of Resources
(in thousands of dollars)

| <u>Fiscal Year/Level</u> | <u>2022</u> | <u>House Mark 2023</u> | <u>Agency Request 2024</u> |
|---|--------------------|---------------------------------------|---|
| <i>Budget authority:</i> | 24,312 | 26,770 | 41,253 |
| <i>Outlays:</i> | 24,312 | 26,770 | 41,253 |
| <i>Full-time equivalent employment:</i> | 113 | 113 | 122 |

| <u>Fiscal Year</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Budget authority:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |
| <i>Outlays:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |

* 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>2022</u> | <u>House Mark 2023</u> | <u>Agency Request 2024</u> | | | |
|---|--------------------|---------------------------------------|---|--------------------|--------------------|--------------------|
| <i>Budget authority:</i> | 63,007 | 67,937 | 93,410 | | | |
| <i>Outlays:</i> | 63,007 | 67,937 | 93,410 | | | |
| <i>Full-time equivalent employment:</i> | 454 | 460 | 591 | | | |
| <u>Fiscal Year</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> |
| <i>Budget authority:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |
| <i>Outlays:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |

* Amounts for these years are to be determined.

Strategic Goal - Stewardship

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

Analysis of Resources
(in thousands of dollars)

| | | House Mark | Agency Request | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>Fiscal Year/Level</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | | | |
| <i>Budget authority:</i> | 36,681 | 36,959 | 40,843 | | | |
| <i>Outlays:</i> | 36,681 | 36,959 | 40,843 | | | |
| <i>Full-time equivalent employment:</i> | 190 | 183 | 167 | | | |
| <u>Fiscal Year</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> |
| <i>Budget authority:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |
| <i>Outlays:</i> | | | | | | |
| <i>Request level</i> | * | * | * | * | * | * |

* Amounts for these years are to be determined.

Retirement/Survivor Benefit Program
Summary Processing Workload Table

| <u>Fiscal years</u> | <u>Average number of annuitants</u> | <u>New applications</u> | <u>Supplemental annuity applications</u> | <u>Social Security initial awards</u> ^{1/} | <u>Post-payment adjustments</u> | <u>Number of payments</u> | <u>Medicare enrollments</u> ^{2/} |
|----------------------------|--|--------------------------------|---|--|--|----------------------------------|--|
| 2011 | 544,256 | 37,231 | 9,743 | 9,275 | 93,425 | 7,011,155 | 5,803 |
| 2012 | 540,080 | 35,856 | 9,341 | 9,342 | 85,206 | 6,967,676 | 6,522 |
| 2013 | 534,982 | 36,041 | 9,075 | 3,116 | 80,786 | 6,921,034 | 6,306 |
| 2014 | 530,367 | 35,368 | 8,802 | 3,124 | 76,440 | 6,864,029 | 6,270 |
| 2015 | 526,487 | 34,234 | 8,145 | 3,417 | 66,316 | 6,825,427 | 6,851 |
| 2016 | 522,839 | 33,019 | 7,497 | 3,739 | 74,056 | 6,779,413 | 6,573 |
| 2017 | 518,416 | 31,479 | 6,520 | 4,526 | 79,221 | 6,752,770 | 7,379 |
| 2018 | 513,732 | 33,879 | 4,464 | 3,393 | 80,201 | 6,686,481 | 7,840 |
| 2019 | 508,774 | 27,957 | 1,425 | 3,617 | 75,984 | 6,620,447 | 7,446 |
| 2020 | 502,553 | 26,540 | 890 | 3,681 | 63,173 | 6,547,246 | 7,339 |
| 2021 | 491,611 | 25,520 | 2,176 | 3,162 | 57,658 | 6,417,264 | 7,044 |
| 2022 (est) | 482,000 | 28,000 | 3,000 | 3,000 | 57,000 | 6,320,000 | 7,000 |
| 2023 (est) | 475,000 | 27,000 | 4,000 | 3,000 | 58,000 | 6,240,000 | 7,000 |
| 2024 (est) | 468,000 | 26,000 | 4,000 | 3,000 | 62,000 | 6,150,000 | 7,000 |

^{1/} Beginning in fiscal year 2013, Social Security initial awards no longer include mechanical adjustments.

^{2/} Excludes attainments.

Railroad Unemployment/Sickness Insurance Program

Summary Processing Workload Table

| Fiscal Years | Railroad employment ^{1/} | Unemployment insurance | | | Sickness insurance | | |
|--------------|--------------------------------------|------------------------|-----------------------|-----------------------|--------------------|---------|-----------------------|
| | | Applicatio ns | Claims | Payments | Applications | Claims | Payments |
| 2011 | 229,000 | 12,756 | 93,598 ^{2/} | 83,144 ^{2/} | 20,797 | 136,014 | 115,705 |
| 2012 | 234,000 | 12,914 | 83,120 ^{3/} | 72,776 ^{3/} | 20,240 | 129,318 | 110,154 |
| 2013 | 237,000 | 14,944 | 96,871 ^{4/} | 84,365 ^{4/} | 19,110 | 119,364 | 100,951 |
| 2014 | 242,000 | 11,982 | 77,580 ^{4/} | 64,864 ^{4/} | 19,335 | 120,838 | 102,020 |
| 2015 | 247,000 | 14,177 | 67,643 | 55,368 | 19,467 | 121,271 | 102,540 |
| 2016 | 231,000 | 24,371 | 145,605 | 120,134 | 20,219 | 131,575 | 111,933 |
| 2017 | 225,000 | 14,372 | 96,777 | 80,748 | 20,087 | 132,557 | 113,163 |
| 2018 | 224,000 | 11,294 | 71,119 | 59,696 | 18,660 | 131,320 | 112,940 |
| 2019 | 217,000 | 14,900 | 70,065 | 57,475 | 17,915 | 118,894 | 101,699 |
| 2020 | 195,000 | 51,089 | 234,441 ^{5/} | 345,914 ^{5/} | 22,907 | 133,212 | 135,639 ^{5/} |
| 2021 | 188,000 (est) | 18,484 | 187,799 ^{6/} | 296,239 ^{6/} | 33,770 | 150,451 | 162,580 ^{6/} |
| 2022 (est) | 188,000 | 14,000 | 81,000 ^{6/} | 67,000 ^{6/} | 27,000 | 131,000 | 112,000 ^{6/} |
| 2023 (est) | 188,000 | 13,000 | 77,000 | 64,000 | 19,000 | 116,000 | 99,000 |
| 2024 (est) | 186,000 | 14,000 | 81,000 | 67,000 | 18,000 | 107,000 | 92,000 |

^{1/} Average annual railroad employment is based on mid-month counts and presented on a calendar year basis.

^{2/} Includes unemployment insurance claims and payments under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), benefits had to begin by December 31, 2009, and the Worker, Homeownership and Business Assistance Act of 2009 (P.L. 111-92), and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

^{3/} Includes unemployment insurance claims and payments under P.L. 111-92, P.L. 111-312, the Temporary Payroll Tax Cut Continuation Act of 2011 (P.L. 112-78), and the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96).

^{4/} Includes unemployment insurance claims and payments under P.L. 111-92, P.L. 111-312, P.L. 112-78, P.L. 112-96, and the American Taxpayer Relief Act of 2012 (P.L. 112-240). Benefits had to begin by December 31, 2013.

^{5/} Includes unemployment and sickness insurance claims and payments under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (P.L. 116-136).

^{6/} Includes unemployment and sickness insurance claims and payments under P.L. 116-136, the Continued Assistance to Rail Workers Act of 2020 (P.L. 116-260), and the American Rescue Plan Act of 2021 (P.L. 117-2).

OMB A-11 Reference: Section 51.1 (August, 2022)

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PERFORMANCE PLAN



Fiscal Year 2024

Railroad Retirement Board

Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

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Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2024 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 2022 - 2026** 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 2024. 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. 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 2024, 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 - Fiscal Year 2024 Initial Performance Plan

***RAILROAD RETIREMENT BOARD
MISSION STATEMENT***

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

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

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Strategic Goal I: *Modernize Information Technology (IT) Operations to sustain mission essential services.*

At the Agency Request level, we would plan to allocate \$41,253,000 and 122 FTE's to this strategic goal.

As we have stated before, our mission essential programs are strained under the burden of legacy computer systems built over 40 years ago. Additionally, in recent years, we have endured a significant drain of institutional knowledge regarding these legacy systems and applications as well. Several years ago we set out to modernize the enterprise, including all legacy IT systems and applications to continue providing the excellent service to our beneficiaries. In the past few years, we made significant strides, but there is more to be done. Our current IT Modernization Program is a three-phased program to achieve such a comprehensive task. Today, we find ourselves preparing to complete the Stabilize Phase, where we established our cloud presence and modernized our support of a remote and hybrid workforce. We are now set to begin the Modernize Phase, where the focus will be two-fold – 1) To deliver new online services and applications to improve the annuitant and applicant experiences, and 2) To gain efficiencies in core business processes, both supporting the RRB mission.

Simultaneously, we continue to improve our agency security posture as we modernize. Our funding request has additional detail regarding our plan for compliance with newly released OMB memorandum, M 22-16, Administration Cybersecurity Priorities for the FY 2024 Budget (July 22, 2022). More detail regarding our application modernization funding request and plan for compliance with the federal zero trust strategy is in the Information Technology Modernization Program Initiatives section.

I-A. Strategic Objective: Legacy Systems Modernization.

The RRB is drafting an IRM Strategic Plan for Modernization with the following goals in support of the Agency's first Strategic Objective:

- *Improve the User Experience*
- *Secure the Enterprise*
- *Upskill the IT Team*
- *Optimize the Infrastructure*

To achieve these goals, the RRB will plan and implement key initiatives to begin the Modernize Phase of the IT Modernization Program. Those initiatives are captured in the Information Technology (IT) Update section of this budget submission.

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The performance indicators that we will utilize to assess our progress toward our strategic objective and reference to the IRM Strategic Plan for Modernization Goals are as follows:

| FY 2024 Performance Plan Strategic Goal I-A. | IRM Strategic Plan for Modernization Goals. |
|--|---|
| I-A-6. Complete the development of business rules strategy and data layer components of the modernization. | <ul style="list-style-type: none">• Improve the User Experience• Upskill the IT Team |
| I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces. | <ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team |
| I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes. | <ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team |
| I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration. | <ul style="list-style-type: none">• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure |
| I-A-10. Evaluate the re-engineering assessment deliverables to determine a cost-effective path forward to application rationalization and streamline business processes. | <ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure |

Strategic Goal II: *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 Agency Request level, we would plan to allocate \$93,410,000 and 591 FTE's to customer service. We have established two performance goals that focus on the specifics of achieving this strategic goal.

II-A. Strategic Objective: Pay benefits timely.

The RRB is committed to ensuring that we pay benefits in a timely manner. We have nine annually assessed performance measures in place to track our timely administration of both Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) programs. In addition to the performance measures, and to further promote timely benefits payments, we will:

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- *Inform our customer about the actions they can take to ensure that they receive payments in a correct, timely manner when eligible for benefits.*
- *Periodically, provide our customers clear guidance regarding their responsibilities to provide accurate, complete information and notify us of changes in status.*
- *Continue to inform employers of their responsibilities for providing timely, accurate, and efficient reports of railroad service and compensation and provide support as necessary.*
- *Continue work with employers to inform and improve modernization efforts that expand and enhance the use of available electronic reporting methods.*
- *Continue to expand paperless processing to increase efficiency and productivity in a virtual environment, to include the secure exchange of forms and medical evidence with third parties relative to administering the disability program.*

Our Customer Service Plan includes customer service timeliness standards for paying benefits. Through March 31, 2022 the overall actual performance was 98.9 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for nearly 99 percent of the 135,308 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 2022 (through 3/31/2022)

- Retirement applications: 96.3% (target: 94.0%)
- Survivor applications: 92.5% (target: 94.4%)
- Disability applications/payments: 55.0% (target: 82.5%)
- RUIA applications/claims: 99.8% (target: 98.6%)

Overall disability performance is based on the two standards that apply to disability work:

- *Decisions within 100 days.*
- *Payment within 25 days of decision or earliest payment date.*

Performance was lower than expected due to priority given to focusing on the initial adjudication of claims with older filing dates resulting in achieving a significant reduction in the on-hand balances of these cases as well as a combination of inexperienced staff in the retirement and survivor payment units and understaffing in the legal partition/garnishment payment unit.

II-B. 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

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range of choices for customer service. We have two primary measures to assess our performance toward this objective: (1) how many electronic services we can provide in each program at a reasonable cost and (2) employer usage of the available services. Further, our goal is to expand customer choice by offering alternative access to our major services. In addition to our primary performance measures, we plan to:

- *Increase customer self-service options via the Internet, including the ability to send and transmit benefit-related data in a secure manner.*
- *Continue to expand the functionality and services offered through the toll-free number (877-772-5772 or 877-RRB-5RRB) to achieve faster customer response times and to promote effective workload distribution across field office locations.*
- *Continue to make improvements to its Employer Reporting System (ERS) to increase the amount of information relative to railroad compensation, employment and service that employers can exchange with the agency through the Internet.*

The RRB will continue to pursue enhancements during fiscal year 2022 with the development and implementation of an electronic version of Form G-117a, *Designation of Contact Officials*. This service will give employers the ability to make timely updates and changes to the responsible officials in their organizations. This will add one more service to the system bringing the total number of available services to 31 in the Employer Internet Reporting System (ERSNet). Employers use Form G-117A to provide the RRB with a list of Contact Officials who are authorized to speak on behalf of the employer when conducting business with the RRB. These Contact Officials serve as the primary point of contact for specific topics and are responsible for submitting and receiving forms related to that topic. The electronic Form G-117A will allow employers to view and update information for all of their current Contact Officials, add new Contacts Officials, and delete information for Contact Officials who have left their position. This real-time access provides significant improvements over the current paper process and will lead to more accurate Contact Official listings. We are currently targeting a limited pilot release of the electronic Form G-117A by the end of FY2022, with a full launch in early FY2023 pending OMB approval of the form. The RRB will utilize fiscal year 2023 to focus on improvements and enhancements to the existing 31 services. In fiscal year 2024 we expect to develop 2 more services which include development of on-line ERSNet processes for the Form RL-13g, Notice to Employer of Relinquishment of Rights of Disability Annuitant Who Attained Age 65, and the AESOP, Employee Retirement Estimate File.

Strategic Goal III: 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.

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At the Agency Request level, we would plan to allocate \$40,843,000 and 167 FTE's to stewardship.

We have established four objectives that focus on the specifics of achieving this strategic goal.

III-A. 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 separately under performance goal III-D.

In addition to the primary performance measure that we are tracking to assess progress toward this object, we will continue to:

- *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 collection policy.*

In November 2020, we released our Performance and Accountability Report for fiscal year 2020. The RRB's OIG did not express an opinion (disclaimer) on the RRB's 2020 financial statements, which were included in that report. For fiscal year 2020, the OIG cited lack of access to the National Railroad Retirement Investment Trust (NRRIT) auditors pursuant to the American Institute of Certified Public Accountants (AICPA) Professional Standards in AU-C section 600, Special Considerations – Audits of Group Financial Statements as both the basis for the disclaimer of opinion and as one of the two components of the financial reporting material weakness. The second portion of the financial reporting weakness for fiscal year 2020, related to RRB not changing its social insurance valuation methodology performed in accordance with Actuarial Standards of Practice for Social Insurance Systems to a methodology preferred by the OIG's actuarial consultants. The OIG classified deficient internal controls at the agency wide level as a second material weakness due to implementation of GAO and OMB standards for internal of control; information technology

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security and financial reporting controls; compliance with indirect laws, regulations, contracts, treaties, and international agreements; compliance with Railroad Retirement Act benefit payments provisions; and controls over railroad service compensation. The RRB continues to disagree that these matters rise to the level of material weakness and with the basis the OIG cited for the disclaimer.

III-B. 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.

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, exclusively via secure electronic transmissions. 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. Based on the most recent information available, for example, in fiscal year 2020, the RRB invested the equivalent of about 17 full-time employees, at a cost of approximately \$1.98 million, in program integrity efforts. This resulted in about \$9.90 million in recoverables, \$2.06 million in benefits saved, and the referral of 25 cases to the OIG for investigation. This is approximately \$6.03 in savings for each \$1.00 invested in these activities.

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III-C. 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.

Information Security Program

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.

We continue to make progress towards a compliant Information Security Program to improve the RRB's security posture, even as executive orders, binding, and emergency operational directives emerge from the Administration. The need for an increased focus on cybersecurity today cannot be overstated. The RRB has implemented and will expand its Information Security Continuous Monitoring (ISCM) Strategy as outlined in OMB Memorandum M-20-04, Fiscal Year 2019-2020 Guidance on Federal Information Security and Privacy Management Requirements. We partnered with the Department of Homeland Security (DHS) in the Continuous Diagnostic and Mitigation (CDM) program and continue to build upon our partnership with DHS-CISA by participating the CDM Dynamic and Evolving Federal Enterprise Network Defense (DEFEND) program. Our partnership with DHS will further improve our Information Security continuous monitoring compliance towards vulnerability assessment, hardware and software management, configuration management, and privileged account management.

The RRB continues to employ the DHS EINSTEIN-3 Accelerated (E3A) toolset that ensures all of the Domain Name System (DNS) and Simple Mail Transfer Protocol (SMTP) are monitored by these services. We continue to manage the risk of the critical aspects of the enterprise infrastructure, specifically in the areas of asset management (hardware and software), remote access, identity management, and network protection.

As stated, much of this work began in fiscal years 2021 through 2022, but will continue in fiscal years 2023 through 2024 as the expansion of our abilities to manage risk in these areas will be iterative. Specifically:

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- *Assessment Management – we have enrolled in the DHS CDM DEFEND program to provide better visibility of current hardware and software and to automatically detect unauthorized hardware and software.*
 - *The RRB has implemented all four phases of the CDM program and is forwarding RRB data to the CDM Federal Dashboard:*
 - *Hardware Asset Management “HWAM” to provide visibility into all hardware devices on the RRB Network.*
 - *Vulnerability Management “VULN” to provide visibility to known vulnerabilities present on the network.*
 - *Software Asset Management “SWAM” to provide visibility into all software installed on the RRB network.*
 - *Configuration Settings Management “CSM” to manage configuration settings of assets on the RRB network.*
- *Identity Management – The RRB enforces multi-factor authentication for general users and have installed a privileged access management system (i.e. CyberArk) for system administrators.*
- *Remote Access – We deployed managed services for hardware encryption and have upgraded our firewalls to strengthen information security controls for remote access.*
- *Network Protection – as part of the RRB ISCM strategy, we will continue to improve the Defense in Depth configuration in place, namely the Intrusion Prevention System (IPS), Network Access Control (NAC), and the Security Information and Event Management (SIEM).*
- *Zero Trust – The RRB is developing a strategic approach to implementing cybersecurity controls that secures our organization by eliminating implicit trust and continuously validating every stage of network interaction pursuant to MOB Memorandum M-22-09. Rooted in the principle of “never trust, always verify,” the RRB’s Zero Trust strategy will be designed to protect our current environment, and as we modernize, our future environments enabling a digital transformation by using strong authentication methods, leveraging network segmentation, preventing lateral movement, providing layer 7 threat prevention, and simplifying granular, “least access” policies.*

Internal Operations

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.

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In support of the Administration's direction to agencies to assess the effectiveness of current information technology (IT) management practices and address opportunities to improve management of IT resources we added measurements based on the PorfoliStat categories Deliver, Innovate and Protect. The measurements ensure that the agency engages in proactive performance management of its IT.

- *Deliver – Deliver on Budget Percent of IT Projects costs within 10% of budgeted cost.*
- *Deliver – Meet Customer Expectations. WWW.RRB.GOV Internet Services (Mainline and Employer Reporting System) Continuous availability experienced by end users.*
- *Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.*
- *Protect – Strong Authentication (formerly Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate).*

The measurements ensure that the agency engages in proactive performance management of information technology by ensuring effectiveness, efficiency and security of operations. The use of performance measures and management processes allows the RRB to monitor actual versus expected results, while also providing appropriate oversight and quality control. The status of each measure is captured and evaluated monthly by those responsible for overseeing the measure, evaluated quarterly by the Office of the Chief Information Officer to ensure that the activity is meeting the expected measure and reported annually in the agency's fiscal year performance plan.

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, and systems security.

Strategic Management of Human Capital

Like many agencies, the RRB has an aging workforce. About 37 percent of our employees have 20 or more years of service and 33 percent of the current workforce will be eligible for retirement by fiscal year 2024. The Bureau of Human Resources has shifted to a strategic approach in managing its human capital through such efforts as workforce and succession planning, alignment of the mission with employee performance to ensure efficient and effective accomplishment of RRB operations, and evaluating job-fit and recruitment efforts to ensure a developed, diverse, inclusive, engaged and accountable workforce. We continue to automate and streamline antiquated and outdated personnel policies and procedures and educate, develop, and train our employees and supervisors both in technical and soft skills in alignment with our agency mission, values and goals. We strive to bring the methods of the Bureau of Human Resources in strategic alignment with the RRB's mission and best human resources management practices within the Federal government.

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The Workforce Organization Management Section (WOMS) continues to refine recruitment efforts to ensure we receive applications from a talented, diverse and inclusive pool of applicants. Through USAJOBS, we have been able to reach candidates from across the country. We also utilize different recruitment strategies, like resume mining and targeted advertising, hiring flexibilities such as the Pathways Intern and Recent Graduate programs and direct hiring authorities to attract a diverse and quality applicant pool.

The Human Services/Labor Relations Section (HS/LR) is in the process of re-negotiating the Nationwide Collective Bargaining Agreement (CBA), which was last negotiated in 1985. In addition to rewriting the CBA, the HS/LR section has taken on the task of updating a number of Human Resources policies and negotiating those policies, where appropriate, with the Union. This includes creating new policies, and updating antiquated and outdated policies on Telework, Performance Management, Incentive Awards, Hours of Work, etc. The revisions of both the policies and the CBA are forward thinking and afford employees a number of flexibilities, are reflective of our Agency's emerging culture, encompass the importance of employee engagement as well as employee accountability and define a commitment to organizational responsibility.

The Training and Development Section within the Bureau of Human Resources utilizes the results from training needs assessments, workforce planning, and surveys to assist in prioritizing the RRB's training needs. We also utilize available technology and low-cost training options and use innovative and best practices in training and development in order to deliver varied training modalities for all agency employees, whether the training is mandatory or developmental in nature. We continue to update and automate training modules available to our entry-level and mission critical claims and benefit training classes to ensure a successful training environment for new employees and the successful accomplishment of our mission.

III-D. 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.

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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. Additionally, the NRRIT and the Government Accountability Office (GAO) have entered into a voluntary memorandum of understanding to facilitate GAO's access to information supporting NRRIT's annual financial statements and related financial statement audits for purposes of conducting GAO's audits of the U.S. government's consolidated financial statements.

| RRB FY 2024 Initial Performance Plan | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|--|----------------------|----------------------|-----------------------|--------------------|----------------------|---|
| <i>STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to sustain mission essential services</i> | | | | | | |
| <i>Strategic Objective: Legacy Systems Modernization.</i> <i>Goal Leader: Terryne F. Murphy, Chief Information Officer</i> | | | | | | |
| I-A-1. Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions. | New Goal for FY 2021 | New Goal for FY 2021 | Azure Migration: 100% | Goal Complete | Goal Complete | Performance Indicator Complete and Closed Starting FY24 |
| I-A-2. Evaluate the results of the customer surveys obtained through the LSMS re-engineering assessment contract deliverable to identify and deliver a broader range of online citizen centric services that will specifically address our customer's expectations and improve overall customer service. | New Goal for FY 2021 | New Goal for FY 2021 | 100% | Goal Complete | Goal Complete | Performance Indicator Complete and Closed Starting FY24 |
| I-A-3. Transition Mission Essential Programs from the End-of-Life Mainframe hardware. | 10% | 50% | 100% | Goal Complete | Goal Complete | Performance Indicator Complete and Closed Starting FY24 |
| I-A-4. Evaluate the re-engineering assessment contract deliverable and determine a modernization path forward consistent with agency priorities and within available funding to address mission critical functions. | New Goal for FY 2021 | New Goal for FY 2021 | 100% | Goal Complete | Goal Complete | Performance Indicator Complete and Closed Starting FY24 |
| I-A-5. Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase. | New Goal for FY 2021 | New Goal for FY 2021 | 100% | Goal Complete | Goal Complete | Performance Indicator Complete and Closed Starting FY24 |

Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

| RRB FY 2024 Initial Performance Plan | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|--|----------------------|----------------------|----------------------|--------------------|----------------------|----------------------------|
| <i>STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to sustain mission essential services</i> | | | | | | |
| <i>Strategic Objective: RRB's Transformation (formerly Legacy Systems Modernization).</i> Goal Leader: Terryne F. Murphy, Chief Information Officer | | | | | | |
| I-A-6. Complete the development of business rules strategy and data layer components of the modernization. | New Goal for FY 2022 | New Goal for FY 2022 | New Goal for FY 2022 | 25% | 50% | 100% |
| I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces. | New Goal for FY 2022 | New Goal for FY 2022 | New Goal for FY 2022 | 0% | 25% | 50% |
| I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes. | New Goal for FY 2022 | New Goal for FY 2022 | New Goal for FY 2022 | 0% | 0% | 25% |
| I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration. | New Goal for FY 2022 | New Goal for FY 2022 | New Goal for FY 2022 | 50% | 75% | 100% |
| I-A-10. Evaluate the re-engineering assessment deliverables to determine a cost-effective path forward to application rationalization and streamline business processes. | New Goal for FY 2022 | New Goal for FY 2022 | New Goal for FY 2022 | 50% | 100% | Goal Complete |

Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

| RRB FY 2024 Initial Performance Plan | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|----------------------------|
| <i>STRATEGIC GOAL II: Provide Excellent Customer Service</i> | | | | | | |
| <i>Strategic Objective: Pay benefits timely.</i> Goal Leader for performance goals II-A-1 through II-A-5; II-A-7 and II-A-8: Arturo Cardenas, Director of Programs Goal Leader for performance goal II-A-6: Mark Blythe, Director of Field Service Goal Leader for performance goal II-A-9: Spiridoula Mavrothalasitis, Director of Hearings and Appeals | | | | | | |
| II-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) | 95.4% | 96.4% | 97.0% | 96.6% | 94.0% | 94.0% |
| II-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) | 96.5% | 97.5% | 97.0% | 95.7% | 94.0% | 94.0% |
| II-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) | 96.0% | 95.0% | 92.2% | 88.2% | 94.0% | 94.0% |
| II-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) | 96.6% | 95.2% | 94.8% | 93.8% | 94.0% | 94.0% |
| II-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) | 97.3% | 97.3% | 95.0% | 92.6% | 95.0% | 95.0% |
| II-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% | 98.5% | 98.5% |

Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

| RRB FY 2024 Initial Performance Plan | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|----------------------------|
| STRATEGIC GOAL II: Provide Excellent Customer Service | | | | | | |
| Strategic Objective: Pay benefits timely. Goal Leader for performance goals II-A-1 through II-A-5; II-A-7 and II-A-8: Arturo Cardenas, Director of Programs Goal Leader for performance goal II-A-6: Mark Blythe, Director of Field Service Goal Leader for performance goal II-A-9: Spiridoula Mavrothalasitis, Director of Hearings and Appeals | | | | | | |
| II-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) | 12.5% | 13.5% | 18.6% | 12.6% | 70.0% ^{5/} | 70% ^{5/} |
| II-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) | 85.2% | 88.5% | 87.5% | 87.1% | 91.0% | 91.0% |
| II-A-9. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days) | 207 | 205 | 208 | 178 | 210 | 210 |

| RRB FY 2024 Initial Performance Plan | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|--|-------------------------|--------------------------------|--------------------------------|--------------------------------|--|--------------------------------|
| STRATEGIC GOAL II: Provide Excellent Customer Service | | | | | | |
| Strategic Objective: Provide a range of choices in service delivery methods. Goal leader: Arturo Cardenas, Director of Programs | | | | | | |
| II-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) | 19 services available | 19 services available | 19 services available | 19 services available | 23 services available | 23 services available |
| II-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 electronic media to file reports; number of services available through electronic media) | a) Employers using ERS: | 99.2% | 98.9% | 99.1% | 99.5% | 99.0% |
| | b) Internet Services: | 30 Internet services available | 30 Internet services available | 30 Internet services available | 31 Internet services available ^{6/} | 33 Internet services available |

Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

| RRB FY 2024 Initial Performance Plan | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|----------------------------|
| STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources. | | | | | | |
| Strategic Objective: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately. Goal leader: Shawna R. Weekley, Chief Financial Officer | | | | | | |
| III-A-1. Debts will be collected through billing, offset, reclamation, referral to outside collection programs, and a variety of other collection efforts. (Measure: total overpayments recovered in the fiscal year/total overpayments established in the fiscal year) | 91.70% | 95.18% | 88.68% | 89.46% | 85.00% | 85.00% |

| RRB FY 2024 Initial Performance Plan | | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|---|-----------------------------------|--------------------|------------------------------------|--------------------|--------------------|----------------------|----------------------------|
| STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources | | | | | | | |
| Strategic Objective: Ensure the accuracy and integrity of benefit programs. Goal leader III-B-1 (a)(b) and III-B 3, 4 and 5: Arturo Cardenas, Director of Programs Goal leader III-B-2 (a): Mark Blythe, Director of Field Service Goal leader III-B-2 (b): Micheal Pawlak, Deputy Director of Programs | | | | | | | |
| III-B-1. Achieve a railroad retirement benefit payment accuracy rate ^{7/} of at least 99%. (Measure: percent accuracy rate) | a) Initial payments | 99.83% | 99.57% | 99.79% | Not Available | 99.75% | 99.80% |
| | b) Sample post recurring payments | 99.97% | Not Applicable Post Study Canceled | 99.59% | Not Available | 99.75% | 99.80% |
| III-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{7/} of at least 99%. (Measure: percent accuracy rate) | a) Unemployment | 96.23% | 96.62% | 97.58% | 93.97% | 95.50% | 95.50% |
| | b) Sickness | 97.93% | 97.88% | 97.38% | 97.32% | 95.00% | 96.00% |
| III-B-3. Overall Initial Disability Determination Accuracy. (Measure: % of Case Accuracy) | | 73.60% | 86.10% | Not Available | Not Available | 95.00% | 95.00% |
| III-B-4. Maintain the level of Railroad Retirement Act (RRA) improper payments below the OMB threshold. (Measure: Below 1.5%) | | N/A ^{8/} | N/A ^{8/} | N/A ^{8/} | N/A ^{8/} | N/A ^{8/} | N/A ^{8/} |
| III-B-5. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure recoverable and savings per dollar spent) | | \$6.66: \$1.00 | \$6.03: \$1.00 | Not Available | Not Available | \$4.00: \$1.00 | \$4.00: \$1.00 |

Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

| RRB FY 2024 Initial Performance Plan | | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|---|--------------------------------------|-------------------------------------|--|--|---|---|---|
| STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources | | | | | | | |
| Strategic Objective: Ensure effectiveness, efficiency, and security of operations. Goal leader: Terryne F. Murphy, Chief Information Officer | | | | | | | |
| III-C-1. Complete modernization of RRB processing systems in accordance with long-range planning goals. | | Project complete | Project complete | Project complete | Project complete | Project complete | Performance Indicator Complete and Closed Starting FY24 |
| III-C-2. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost. | | 100% | 100% | 100% | 100% | 85.00% | 85.00% |
| III-C-3. Deliver – Meet Customer Expectations. <u>WWW.RRB.GOV</u> Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users. | a) Continuous availability target | 98.99% | 99.31% | 98.80% | 99.64% | 99.00% | 99.00% |
| | b) Hours of outage allowed per month | 7.38 hours | 4.83 hours | 8.83 hours | 2.5 hours | 7 hours | 7 hours |
| III-C-4. Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements. | | Cloud based enterprise test lab: No | Cloud based enterprise test lab: No | Microsoft Azure Cloud: Yes | Microsoft Azure Cloud: Yes | Microsoft Azure Cloud: Yes | Decommission Legacy Disaster Recovery Site: Yes |
| III-C-5. Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives. | | 100% | 100% | 100% | 100% | 100% | Performance Indicator Complete and Closed Starting FY24 |
| III-C-6. Protect – Email Data Loss Prevention. Percentage of externally bound emails and their attachments automatically encrypted that contain personally identifiable or credit card information. | | 100% | 100% | 100% | 100% | 100% | Performance Indicator Complete and Closed Starting FY24 |
| III-C-7. Protect – Strong Authentication (formerly Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.) | | 73% | Unprivileged Network Users > 66% Privileged Network Users ≥ 63% | Unprivileged Network Users > 54% Privileged Network Users ≥ 98% | Unprivileged Network Users > 51% Privileged Network Users > 100% | Unprivileged Network Users > 85% Privileged Network Users ≥ 100% | Unprivileged Network Users > 85% Privileged Network Users ≥ 100% |

Railroad Retirement Board - Fiscal Year 2024 Initial Performance Plan

| RRB FY 2024 Initial Performance Plan | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Estimate | 2024 Agency Request |
|---|------------------------|------------------------|------------------------|------------------------|--------------------------|------------------------------------|
| <i>STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources</i> | | | | | | |
| <i>Strategic objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.</i> Goal leader: Ana M. Kocur, General Counsel | | | | | | |
| III-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) | Yes | Yes | Yes | Yes | Yes | Yes |

Footnotes:

- ^{1/} Fiscal year 2022 actual results represent status as of March 31, 2022, unless otherwise noted.
- ^{2/} Planned amounts reflect the fiscal year 2023 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released March 28, 2022.
- ^{3/} Fiscal year 2022 amount includes \$124,000,000 for Limitation on Administration account.
- ^{4/} Fiscal year 2023 amount includes \$131,666,000 for Limitation on Administration account.
- ^{5/} The RRB continues to evaluate the impact of process changes on performance. Recent progress has been made in reducing workload balances; however, a revised metric has not been established.
- ^{6/} The goal for FY 2023 was lowered due to a reprioritization of work during FY 2020 and FY 2021, as a result of implementing the CARES Act legislation.
- ^{7/} The payment accuracy rate is the percentage of dollars paid correctly as a result of adjudication actions performed.
- ^{8/} In FY 2018, OMB granted reporting relief for the RRA improper payment program because the improper payment analysis demonstrated it consistently fell below the thresholds for significant improper payments. The RRA program went into a three-year risk assessment cycle. In FY 2020, a risk assessment was conducted and found that the RRA program continued to fall below the thresholds for significant improper payments and another three-year risk assessment began, now known as Phase 1. The RRA is scheduled to conduct another risk assessment in FY 2023 and is expected to remain below the statutory thresholds for significant improper payments and stay in Phase 1.

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RAILROAD RETIREMENT BOARD

INFORMATION TECHNOLOGY MODERNIZATION PROGRAM

FY 2024 BUDGET REQUEST

For FY 2024 the RRB is seeking \$13,500,000 of IT Modernization No-Year funding for the following IT initiatives that are required to solidify our foundation in the expected multi-year Modernize Phase.

| PHASE | SPECIFIC IT INITIATIVE | AMOUNT |
|---|---|---------------------|
| Stabilize | Mainframe and Legacy Application Optimization in Cloud Environments / Platforms | \$6,500,000 |
| Modernize | Data Model Design / Implementation & Business Rules Extraction | \$3,000,000 |
| Modernize | Cybersecurity | \$1,500,000 |
| Modernize | Optimize Infrastructure | \$2,500,000 |
| Total FY 2024 IT Modernization No-Year Funding Request | | \$13,500,000 |

As the RRB continues its modernization efforts, we are finalizing through the modernization, RRB is finalizing an Information Resources Management (IRM) Strategic Plan for Modernization. Within the draft plan, the RRB identifies four strategic goals for its modernization, which are as follows:

- *Goal 1: Improve the User Experience*
- *Goal 2: Secure the Enterprise*
- *Goal 3: Upskill the IT Team*
- *Goal 4: Optimize the Infrastructure*

The specific IT initiative and related priorities highlighted in the section below align to these goals and provide additional detail on the initiatives set to begin in FY 2024.

| <i>Priority 1</i> | | |
|---|-------------------------------|--------------------|
| Mainframe and Legacy Application Optimization in Cloud Environments / Platforms | Software Development Platform | \$5,000,000 |
| | Microsoft Power Platform | \$1,500,000 |
| Total Priority 1 | | \$6,500,000 |

In FY 2024, the RRB requests funding of \$6,500,000 to support acquiring software development platforms to modernize its mission-side (\$5,000,000) and mission support-side legacy applications (\$1,500,000). Achieving this priority, will be the final major milestone prior to completion of the Stabilize Phase and the initiation of the Modernize Phase, focused on application modernization. This priority aligns with Goal 1 – Improve the User Experience and Goal 3 – Upskill the IT Team, by acquiring contracted technological skillsets to address gaps with the existing workforce and improve staff requirements for new hires as the need arises.

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| Priority 2 | | |
|--|---------------------------|--------------------|
| Data Model Design / Implementation & Business Rules Extraction | Data Model D / I | \$1,000,000 |
| | Business rules Extraction | \$2,000,000 |
| Total Priority 2 | | \$3,000,000 |

The RRB will plan to begin the design and implementation of a unified data model (\$1,000,000) resulting from the analysis and consolidation of multiple legacy databases. Additionally, the RRB will focus on streamlining business processes through extraction and consolidation of business rules currently embedded in legacy applications (\$2,000,000). This unified data model will form the foundation of RRB's future modernization efforts. This priority aligns with Goal 1 – Improve the User Experience and Goal 3 – Upskill the IT Team.

| Priority 3 | |
|----------------------------|--------------------------------|
| Application/Customer Views | |
| Total Priority 3 | (Cost captured in Priority 1.) |

The RRB will continue to implement self-service digital solutions to our customers and end users. We will enable secure self-service access to personal account statements and individualized information about the status of claims and benefits, as well as allowing access to industry standard features such as the online benefit estimates. This priority aligns with Goal 1 – Improve the User Experience and Goal 3 – Upskill the IT Team.

| Priority 4 | | |
|-------------------------|--|--------------------|
| Cybersecurity | Security Operations Center as a Service (SOCaaS) | \$1,500,000 |
| Total Priority 4 | | \$1,500,000 |

In FY2024, the RRB plans to obtain contractor services for Security Operations Center as a Service (SOCaaS) (\$1,500,000) from the Department of Homeland Security (DHS). Security Operations Center as a Service provides the technology, processes and expertise to deliver 24x7 security and a cost-effective alternative to building and maintaining the RRB's own SOC.

| Priority 5 | | |
|-------------------------|-------------------------------|--------------------|
| Optimize Infrastructure | Engineering Services Contract | \$2,500,000 |
| Total Priority 5 | | \$2,500,000 |

For FY 2024, the RRB will solicit for an engineering services support contract (\$2,500,000). It is anticipated that such a contract will provide for task ordering infrastructure engineering support on cloud-related and advanced technologies needed for the RRB's modernization effort. The contract will also ensure that much needed support for the agency's current engineering staff, and fill gaps during staffing shortages and separations throughout the life of the contract. This priority aligns with Strategic Goal 4 – Optimize the Infrastructure.

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FORWARD LOOKING TECHNOLOGY MODERNIZATION PRIORITIES

The priorities below focus on the Modernize Phase, which the RRB anticipates will begin in earnest in FY 2025.

Paperless Processing and Secure Document Management

The RRB will initiate planning to address the capabilities of imaging and document management. Specifically, the RRB proposes to modernize its existing electronic imaging and records system to a more robust document management system, which will eliminate a significant portion of its paper-based processing. Some of the potential enhancements include, but are not limited to, electronic export a variety of internal documents and electronic import of a variety of external documents.

Payment Application

The RRB will reduce the separate front-end payment systems and corresponding back-end databases to a payment system that incorporates logic to cover a variety of payment scenarios and will access a streamlined data layer. This integrated payment system will ease identifying overpayments and collecting the resulting debts during this release using existing financial systems. This initiative would also include activities related to Medicare withholding and premiums and as well as interactions with the Center for Medicare and Medicaid Services. The benefit of this new system will be that all financial transactions relevant to benefits administration will be integrated and allow for enhanced reporting, automated correspondence, and more accurate calculations of overpayment balances. Payment, like adjudication, is a function of the RRB's core benefits administration process. The RRB expects to build upon its progress toward improving the customer's experience, by targeting payment as one of the primary set of applications to modernize. The RRB also expects to establish application services contracts to design, develop, and implement these modernized applications.

INFORMATION TECHNOLOGY MODERNIZATION FUND

In light of the June 16, 2022 announcement by OMB and GSA of the Federal Technology Modernization Fund (TMF) portfolio (\$100 million) focused on improvement of the customer experience, the RRB seized the opportunity to apply for TMF funding. The RRB is specifically seeking funding to accelerate one of the previous Forward-Looking Priorities, Citizen-Centric Services/Online Forms and Portals. The RRB submitted an initial proposal (\$8.67 million) in August 2022 to begin the modernization to develop these capabilities for annuitants and applicants within the rail industry. If the RRB does not receive TMF funding for this initiative, then those funds will be needed and added to the funding needed beyond the remaining appropriations and American Rescue Plan Act (ARPA) funding sources.

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RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2024

1. **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 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.

2. **Amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize student and recent graduate hiring authorities available to other Federal agencies.**

The Railroad Retirement Board (RRB) is not permitted to use the excepted service hiring authorities established by the Office of Personnel Management (OPM) for student and recent graduate hiring due to language in the Railroad Retirement Act's establishing legislation. Such language was included in our FY 2021 Appropriations Bill and we request that the language proposed below be included in our FY 2022 Appropriations Bill, in order that the RRB may continue to use current OPM student and recent graduate hiring authorities to support succession planning efforts.

Provided, that notwithstanding section 7(b)(9) of the Railroad Retirement Act, this limitation may be used to hire students attending qualifying educational institutions or individuals who have recently completed qualifying educational programs using current excepted hiring authorities established by the Office of Personnel Management.

3. **Amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency.**

Section 13 of the Railroad Retirement Act and Section 9 of the Railroad Unemployment Insurance Act contain misdemeanor charges for individuals committing fraud against the Railroad Retirement Board.

The Railroad Retirement Board proposes to amend the Railroad Retirement and Railroad Unemployment Insurance Acts to include a felony charge for individuals committing fraud against the Agency.

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. § 1001, or 18 U.S.C. § 287.

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4. **Amend the Balanced Budget and Emergency Deficit Control Act of 1985 and the Statutory Pay-As-You-Go Act of 2010 to include the Railroad Unemployment Insurance Trust Fund in the list of accounts which are exempt from sequestration.**

Unemployment and short-term sickness benefits for covered railroad workers payable under the Railroad Unemployment Insurance Act (RUIA) are currently subject to sequestration. However, these unemployment and sickness benefits are fully funded by railroad employer contributions in the same manner as state unemployment compensation systems under the Federal Unemployment Tax Act (26 U.S.C 3301 et seq.) and do not require appropriations from general revenues. The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) as amended (P.L. 99-177) exempts from sequestration any amount paid as regular unemployment compensation by a state from its account in the Unemployment Trust Fund, any advance made to a state from the Federal Unemployment Trust Fund, and any payment made from the Federal Employees Compensation Account for unemployment benefits to former federal employees and former military service members. This leaves unemployment benefits payable to railroad workers as the only type of unemployment benefit subject to reduction as a result of sequestration under the BBEDCA or the Statutory Pay-As-You-Go Act of 2010 (P.L. 111-139).

This proposal would amend the (BBEDCA) to exempt from sequestration unemployment benefits paid under the Railroad Unemployment Insurance Act (RUIA) [45 U.S.C. § 351 et seq.]. Section 255(a) of the BBEDCA currently exempts Tier I railroad retirement benefits from sequester; section 255(g)(1)(A) exempts the Dual Benefits Payments Accounts and Federal Payments to the Railroad Retirement Accounts; and section 255(g)(1)(B) exempts the National Railroad Retirement Investment Trust and the Railroad Industry Pension Fund. All other benefits administered by the Railroad Retirement Board on behalf of covered railroad workers (disability, spouse and survivor) are exempt from sequestration by BBEDCA section 255. It is therefore appropriate to exempt the RUIA Trust Fund from reduction or sequestration under the BBEDCA or the Statutory Pay-As-You-Go Act of 2010.

Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 is hereby amended in subsection (g)(1)(A), by inserting “Railroad Unemployment Insurance Trust Fund (60-8051-0-603.)” after the Radiation Exposure Compensation Trust Fund (15-8116-0-1-054).

5. **Amend the Railroad Retirement and the Railroad Unemployment Insurance Acts to allow a limited amount of unobligated balances fiscal year 2024 and de-obligated balances of expired fiscal year 2024 funds to remain available until expended in support of the Board’s Information Technology Investment Initiatives.**

The Railroad Retirement Board (RRB) has been engaged in a successful, multi-year effort to modernize its information technology systems. We request that the language proposed below be included in our FY 2024 Appropriations Bill in order that the RRB may more efficiently utilize the funds available for such ongoing efforts.

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Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2024 not needed for fiscal year 2024 obligations and de-obligated balances of expired fiscal year 2024 funds, not to exceed 2 percent of the total amount of funds provided under this paragraph (not including the \$13.5 million provided under this paragraph for operations and improvements for the Board's Information Technology Investment Initiatives), shall remain available until expended and shall be devoted to operations and improvements for the Board's Information Technology Investment Initiatives: *Provided further*, That the three-member Board of the Railroad Retirement Board shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated and de-obligated balances available under the authority in the previous proviso.

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RAILROAD RETIREMENT BOARD

Evidence and Evaluation

As in the past, the following report is in accordance with OMB Circular A-11, Section 51.9. The discussion serves to document the agency's progress thus far towards meeting requirements of the Foundations for Evidence-Based Policymaking Act of 2018 ("Evidence Act") (Public Law 115-435), OMB memos M-19-23 and M-20-12, the recently issued Presidential Memorandum entitled "Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking" (1/27/2021), OMB M-21-27, and the January 2022 Scientific Integrity Task Force Report entitled "Protecting the Integrity of Government Science". Further, this discussion will reference evidence-building proposals accounted for in their budget request.

It is important to note that the Railroad Retirement Board is a non-CFO Act agency. In that regard, the RRB is only required to address, and discuss herein, certain elements as detailed in OMB Memorandum M-19-23, *Phase 1 Implementation of the Foundations for Evidence-Based Policymaking Act of 2018: Learning Agendas, Personnel, and Planning Guidance*. Per the further guidance contained in OMB M-21-27, *Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans*, the RRB, as a small agency, is "undertaking the activities outlined in [the] guidance to the extent practicable. As such, certain sections of the "Evidence Template" are not required for RRB or other non-CFO Act agencies and therefore are not addressed herein.

- The RRB established the role of a Chief Data Officer (CDO), who operates under the Chief Information Officer's purview.
- The RRB formed a Data Governance Body (DGB) with membership representing each RRB Executive Committee member. The DGB members provide coordination and act as the spokesperson for their respective bureau/office.
- The RRB appointed a Scientific Integrity Official (SIO) who is working with the CDO toward finding ways to implement the goals and guidance of the Presidential Memorandum regarding Evidence-Based Policymaking.
- The RRB has formed a Scientific Integrity Compliance Team (SICT) to review OMB guidance on Evidence-Based Policymaking, which consists of the CDO, SIO, and the Deputy Director of Administration.
- During this reporting cycle, the SICT has performed a review and report of the RRB's Actuarial Advisory Committee (the RRB's only Scientific Advisory Council) and shared the results of the review with the Office of Science and Technology Policy (OSTP). Also, the SICT completed a first draft of the RRB's inaugural Scientific Integrity Policy. The policy is currently under review with an anticipated approval later this fiscal year.

The RRB recognizes the importance of evidence and evaluation to understand and improve the efficiency and effectiveness of its programs and operations in pursuit of the agency's mission. The RRB's SICT has established communications with the OSTP. Through this communication, the RRB will continue to update OMB on progress toward furthering the goals of evidence-based policymaking.

RAILROAD RETIREMENT BOARD
Relationship of Programs to Account Structure
(in thousands of dollars)

| | 2024 Estimates | |
|---|------------------|-----------|
| | Budget Authority | Outlays |
| 60-0111-0-1-601 | | |
| Dual Benefits Payments Account..... | 8,000 | 8,000 |
| 60-0113-0-1-601 | | |
| Federal Payments to the Railroad Retirement Accounts..... | 2,101,400 | 2,101,400 |
| 60-8010-0-7-601 | | |
| Social Security Equivalent Benefit Account..... | 8,916,000 | 8,899,400 |
| 60-8011-0-7-601 | | |
| Railroad Retirement Account..... | 5,856,500 | 5,846,800 |
| 60-8118-0-7-601 | | |
| National Railroad Retirement Investment Trust..... | 2,419,400 | 2,419,400 |
| 60-8237-0-7-601 | | |
| Limitation on Administration | | |
| OMB Guidance #1 level..... | 128,250 | 128,250 |
| Agency Baseline w/OMB Guidance #2 level ^{1/} | 135,000 | 135,000 |
| Agency Request level..... | 175,506 | 175,506 |

| Summary | 2024 Estimates | |
|--|------------------|------------------|
| | Budget Authority | Outlays |
| Federal funds ^{2/} | 2,109,400 | 2,109,400 |
| Trust funds ^{3/} | 17,191,900 | 17,099,200 |
| Deductions for offsetting receipts: | | |
| Intrafund transactions (Advances) ^{4/} | (5,565,000) | (5,565,000) |
| Intrafund transactions (NRRIT transfers) ^{4/} | (2,353,000) | (2,353,000) |
| Proprietary receipts from the public ^{5/} | (97,885) | (97,885) |
| Interfund transactions ^{6/} | (2,101,400) | (2,101,400) |
| TOTAL | 9,184,015 | 9,091,315 |

^{1/} Represents the Office of Management and Budget guidance level #1. Actuarial estimates indicate a \$1 million decrease in Vested Dual Benefits from \$9 to \$8 million, based on Bureau of Actuary and Research February/March Review, revised July 2022.

^{2/} Represents budget authority and outlays for the Dual Benefits Payments Account and the Federal Payments to the Railroad Retirement Accounts.

^{3/} 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.

^{4/} Represents the estimated advances RRB plans to borrow from Treasury in anticipation of the annual financial interchange transfer from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds of \$5,565,000 and a transfer of \$2,353,000 from the NRRIT to the Railroad Retirement Account.

^{5/} Estimate of interest and dividends on non-Federal securities earned by the NRRIT.

^{6/} Represents budget authority and outlays for the Federal Payments to the Railroad Retirement Accounts.

A-11 Reference - Section 51.4 (August 2022)