
RAILROAD RETIREMENT BOARD

PERFORMANCE AND ACCOUNTABILITY REPORT



FISCAL YEAR 2025

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**Railroad Retirement Board
Performance and Accountability Report
Fiscal Year 2025**

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RRB's fiscal year 2025 Performance and Accountability Report is available online at: www.RRB.gov

MESSAGE FROM THE BOARD MEMBERS

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Message from the Board Members

Through this fiscal year 2025 Performance and Accountability Report (PAR), the Railroad Retirement Board (RRB) provides performance and financial information related to our mission of administering the retirement, disability, and survivor benefit programs provided under the Railroad Retirement Act (RRA) and the unemployment and sickness insurance benefit programs provided under the Railroad Unemployment Insurance Act (RUIA). This report provides timely and useful performance and financial information to RRB managers, the Office of Management and Budget (OMB), Congress, and our constituents. For the first time since 2012, the RRB has earned an unmodified (clean) audit opinion on its fiscal year consolidated financial statements. We are proud of the agency's dedicated employees whose efforts are reflected in this report.

In order to achieve this clean audit opinion, we successfully worked with the Department of the United States Treasury, with concurrence from the OMB and the Government Accountability Office (GAO), to implement a reporting structure change for the assets held by the National Railroad Retirement Investment Trust (NRRIT). Therefore, effective for the fiscal year 2025 Financial Report of the United States Government (Financial Report), the assets held by the NRRIT were no longer consolidated in the RRB's financial statements. Instead, the NRRIT is a separate standalone consolidation entity, and its assets will be consolidated directly in the governmentwide reporting level for the purposes of the Financial Report consistent with Statement of Federal Financial Accounting Standards 47: *Reporting Entity*. As a result, RRB's financial statements auditors issued an unmodified audit opinion and reported that the RRB's consolidated financial statements presented fairly, in all material respects, the financial position of the RRB as of September 30, 2025, and its net cost, changes in net position, and combined budgetary resources for the year then ended, in accordance with accounting principles generally accepted in the United States.

Additionally, we have made enhancements in our internal controls over financial reporting. Accordingly, of the three opinion levels (i.e., unmodified, adverse, and disclaimer) for the audit of Internal Controls over Financial Reporting (ICOFR), we received an adverse opinion for fiscal year 2025, which is an improvement over the disclaimer opinion issued for fiscal year 2024. Notably, the RRB reduced the five material weaknesses as reported in fiscal year 2024 to two. The two remaining material weaknesses relate to the RRB's internal control environment, specifically the lack of corrective action plans and ineffective information technology controls over financial reporting, which are the basis for the adverse opinion on the RRB's ICOFR. However, these matters do not affect the completeness or reliability of the financial data contained herein as the auditors rendered an unmodified opinion on the RRB's financial statements for fiscal year 2025. The RRB will continue to make progress towards resolving the remaining material weaknesses as agency resources allow.

In light of the matters referenced above, we believe that the performance and financial data in this report are reasonably complete and reliable in accordance with OMB guidance. Though challenged by a stagnant budget again for fiscal year 2025 and an unfunded cost of living adjustment of 2%, we were prudent stewards over the agency's Trust funds and

remained committed to serving the railroad employers, railroad employees, and the beneficiaries to the best of our ability. Looking ahead, we continue to focus on strengthening our operations and internal controls to ensure continued progress and accountability.

Original Signed by:

Erhard R. Chorlé, Chairman

John Bragg, Labor Member

Thomas Jayne, Management Member

December 18, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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Management's Discussion and Analysis (Unaudited)

Overview of the Railroad Retirement Board

Mission

The RRB is an independent agency in the executive branch of the Federal Government. The agency's mission statement is as follows:

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.

Major Program Areas

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; the first industrial pension plan in North America was established on a railroad in 1874. By the 1930s, pension plans were far more developed in the rail industry than in most other businesses or industries, but these plans had serious defects, which were magnified by the Great Depression.

The economic conditions of the 1930s demonstrated the need for retirement plans on a national basis because few of the nation's elderly were covered under any type of retirement program. 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 prior to 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 particular circumstances of the rail industry, was not without precedent. Numerous laws pertaining to rail 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 been enacted.

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. The financing of the two systems is linked through a financial interchange under which, in

effect, the portion of railroad retirement annuities that is equivalent to social security benefits is coordinated with 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.

Legislation enacted in 1974 restructured railroad retirement benefits into two tiers, to coordinate them more fully with social security benefits. The first tier is based on combined railroad retirement and social security credits, using social security benefit formulas. The second tier is based on railroad service only and is comparable to the private pensions paid over and above social security benefits in other industries.

The railroad unemployment insurance system was also established in the 1930s. The Great Depression demonstrated the need for unemployment compensation programs, and State unemployment programs had been established under the Social Security Act in 1935. While the 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 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.

A 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. Congress subsequently enacted the RUIA in June 1938. The RUIA established a system of benefits for unemployed railroad workers, financed entirely by railroad employers and administered by the RRB. Sickness insurance benefits were added in 1946.

Railroad Retirement Act

Under the RRA, retirement and disability annuities are paid to railroad workers with at least 10 years of service. Such annuities are also payable to workers with 5 years of service if performed after 1995.

Full age annuities are payable at age 60 to workers with 30 years of service. For those with less than 30 years of service, reduced annuities are payable at age 62 and unreduced annuities are payable at full retirement age, which is gradually rising from 65 to 67, depending on the year of birth. Disability annuities can be paid on the basis of total or occupational disability. Annuities are also payable to spouses and divorced spouses of retired workers and to widow(er)s, surviving divorced spouses, remarried widow(er)s, children, and parents of deceased railroad workers. Qualified railroad retirement beneficiaries are covered by Medicare at age 65, or earlier if disabled, in the same way as social security beneficiaries.

Jurisdiction over the payment of retirement and survivor benefits is shared by the RRB and the Social Security Administration (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 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 or her survivors 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.

Payroll taxes paid by railroad employers and their employees are the primary source of funding for the railroad retirement and survivor benefit programs. 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. Tier II taxes are based on the ratio of certain asset balances to the sum of benefit payments and administrative expenses. Historically, railroad retirement taxes have been considerably higher than social security taxes.

Revenues in excess of benefit payments are invested to provide additional trust fund income, and legislation enacted in 2001 allows for Railroad Retirement (RR) Account funds transferred to the National Railroad Retirement Investment Trust (NRRIT) to be invested in non-governmental assets, as well as in governmental securities. Funds transferred from the Social Security Equivalent Benefit (SSEB) Account to the NRRIT are allowed to be invested only in governmental securities. The legislation also established the NRRIT, whose Board of seven trustees oversees these investments. The Board of Trustees is comprised of three members selected by rail labor, three members selected by rail management, and one independent member selected by a majority of the other six members. While transfers from the NRRIT are a source of income to the railroad retirement and survivor benefit program, since the NRRIT is classified as a standalone significant entity for purposes of the annual Financial Report of the United States Government, the assets held by the NRRIT are consolidated at the government-wide level.

Another major source of income to the railroad retirement and survivor benefit program consists of transfers from the social security trust funds under a financial interchange between the two systems. The financial interchange is intended to place the social security trust funds in the same position in which they would have been had railroad employment been covered by the Social Security Act and Federal Insurance Contributions Act. In fiscal year 2025, the RRB trust funds realized a net of \$5.4 billion, representing 40 percent of RRB financing sources through the financial interchange.

Other sources of income currently include revenue resulting from Federal income taxes on railroad retirement benefits (tier I, tier II, and vested dual benefits), and appropriations from general Department of the Treasury (Treasury) revenues provided after 1974 as part of a phase-out of certain vested dual benefits.

Railroad Unemployment Insurance Act

Under the RUIA, unemployment insurance benefits are paid to qualified railroad workers who are unemployed but ready, willing, and able to work, and sickness insurance benefits are paid to railroad workers who are unable to work because of illness, injury, or pregnancy. The RRB also operates a placement service to assist unemployed railroad workers in securing employment.

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 and 26 weeks of sickness insurance benefits are payable to an individual in a benefit year. Additional extended benefits are payable for up to 13 weeks to persons with 10 or more years of service.

The railroad unemployment and sickness insurance benefit program are financed by taxes on railroad employers under an experience rating system initiated in 1991. Each employer's payroll

tax rate is determined annually by the RRB based on benefit payments to the railroad's employees.

Component Reporting Entity

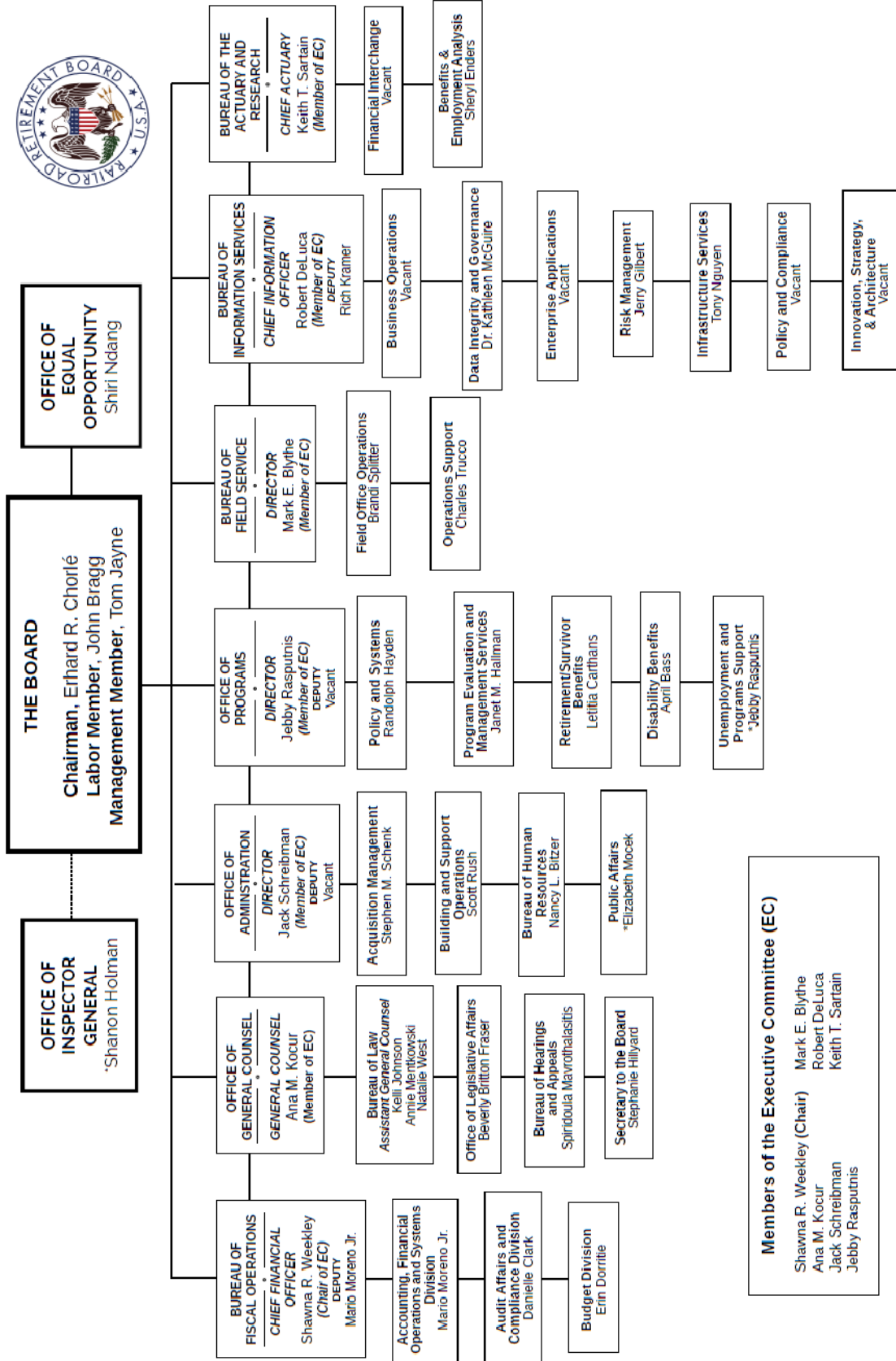
The RRB, as an independent agency in the executive branch of the U.S. Government, is responsible for administering the RRA and the RUIA. The RRB is a component reporting entity that is consolidated in the government-wide financial statements. The RRB's financial statements presented herein include the accounts under the control of the RRB and the RRB OIG.

RRB Organizational Structure

The RRB is headed by three Board Members appointed by the President of the United States, with the advice and consent of the Senate. One member is appointed upon recommendation of railroad employers; one is appointed upon recommendation of railroad labor organizations; and the third, who is the Chairman, is appointed to represent the public interest. The Board Members' terms of office are 5 years and are scheduled to expire in different years. The Chairman of the Board is Erhard R. Chorlé, the Labor Member is John Bragg, and the Management Member is Thomas Jayne. The President also appoints an Inspector General for the RRB, which is currently vacant. While the RRB Inspector General position is vacant, Shanon E. Holman, Assistant Inspector General for Audit and Principal Deputy Performing the Duties of the Inspector General, will perform all necessary functions and duties for the Office of Inspector General until such time as a new Inspector General is appointed by the President and confirmed by the Senate.

The primary function of the RRB is the determination and payment of benefits under the railroad retirement and survivor and the unemployment and sickness insurance programs. To this end, the RRB employs field representatives to assist railroad personnel and their families in filing claims for benefits, examiners to adjudicate the claims, and information technology staff to ensure equipment and programs maintain earnings records, calculate benefits, and process payments. The RRB also employs actuaries to predict the income and outlays of the agency's trust funds and accounts, statisticians and economists to provide vital data, and attorneys to interpret legislation and represent the RRB in litigation. Internal administration requires a procurement staff, a budget and accounting staff, quality assurance staff, and personnel specialists. The Inspector General employs auditors and investigators to detect waste, fraud, or abuse in the benefit programs.

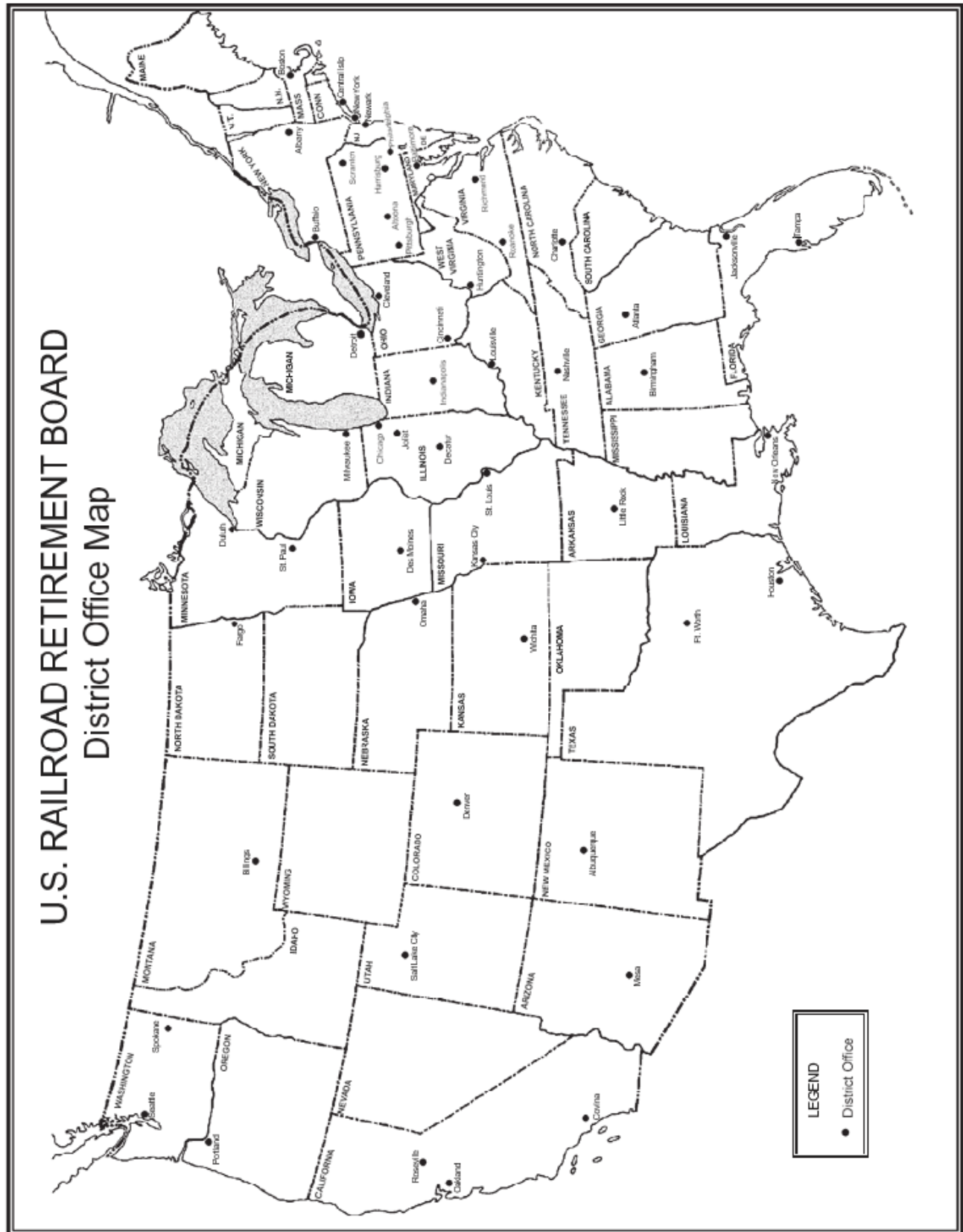
The RRB's headquarters is located at 844 North Rush Street in Chicago, Illinois. The RRB field structure is comprised of 53 offices located throughout the United States as shown on page 12.



December 2025

..... The Inspector General reports administratively to the Chairman

*Indicates temporary or acting capacity



Performance Goals, Objectives, and Results

During fiscal year 2025 (ended September 30, 2025), benefit payments totaled \$14.7 billion, net of recoveries and offsetting collections. Of this amount, benefit payments for the railroad retirement and survivor benefits program totaled \$14.6 billion, for the railroad unemployment and sickness insurance benefits program totaled \$82.0 million, for the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES) Act programs totaled (\$2.9) million, and vested dual benefits program totaled \$5.0 million, net of recoveries and offsetting collections. During fiscal year 2025, the RRB also paid benefits on behalf of SSA (for which the RRB is reimbursed) amounting to \$2.7 billion to about 129,000 beneficiaries.

In fiscal year 2025, the RRB continued to focus its efforts on providing excellent customer service to current and former railroad workers and their family members. Our regular workloads in fiscal year 2025 included:

- Providing payments to about 475,000 retirement and survivor beneficiaries.
- Providing payments to about 8,600 unemployment insurance beneficiaries.
- Providing payments to about 18,900 sickness insurance beneficiaries.
- Providing payments to about 2,400 vested dual benefit beneficiaries.
- Processing 12,622 retirement, survivor, and disability applications for benefits (through April 30, 2025).
- Processing 56,114 applications and claims for unemployment and sickness insurance benefits (through April 30, 2025).
- Issuing 224,633 certificates of employee railroad service and compensation (mailed on June 13, 2025).

During fiscal year 2025, the RRB used 30 specific program performance objectives, including several with multiple indicators, to manage and track progress in meeting its long-term strategic plan goals. These objectives were accomplished with a direct appropriation of \$126,000,000. (A breakdown of administrative expenses by strategic goal is not available at the time of this report.) Agency performance with respect to the key performance indicators is covered in the following section. For most performance measures, actual full-year performance results for fiscal year 2025 were not available at the time this report was published. For those objectives, we reported part-year performance information for fiscal year 2025, if available. We also reported actual results from prior years, as applicable.

Summary of Achievement by Strategic Goal for Fiscal Year 2025

Strategic Goal I: Modernize Information Technology (IT) Operations to sustain mission essential services. During fiscal year 2025, the RRB completed efforts in the Stabilize phase to leverage current technologies within RRB's infrastructure, which serve as the foundation for the next phase, Modernize.

Strategic Goal II: Provide Excellent Customer Service. For fiscal year 2025, we met or exceeded most of timeliness goals and maintained the level of Internet services available to employers.

Strategic Goal III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources. In fiscal year 2025, the RRB continued to fulfill its fiduciary responsibilities to the rail community. Additionally, benefit payment accuracy rates met or exceeded targets.

Strategic Goals and Objectives

For fiscal year 2025, the three overriding strategic goals were Modernizing Information Technology (IT) operations, providing excellent customer service and serving as responsible stewards of our customer's trust funds. The **IT operations** initiative involved utilizing a three-phased approach to enable RRB to accomplish its mission essential functions in a secure, reliable enterprise IT environment, streamline core business processes, and achieve more efficient and effective benefits administration. The **service** initiative involved continuing to achieve our customers' expectations for customized, high-quality service as well as position the agency to achieve rising customer expectations for new and improved services in the future. The **stewardship** initiative was multifaceted and involved protecting the trust funds, fulfilling responsibilities, ensuring the accuracy and integrity of benefit payments as well as addressing efficacy of security operations. The three strategic goals are summarized below:

STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to Sustain Mission Essential Services

Today, our mission essential programs are strained under the burden of legacy computer systems built over 40 years ago. Additionally, we continue to suffer significant institutional knowledge drain regarding these legacy systems and applications. 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. While we have made significant strides in recent years, there is more to be done. Our current IT Modernization Program is a three-phased program to achieve such a comprehensive task. During fiscal year 2025, we completed efforts in the Stabilize Phase to leverage current technologies within RRB's infrastructure, which serve as the foundation for the next phase, Modernize. The Modernize Phase focus is 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.

Our performance plan, submitted as a component of our FY 2025 Justification of Budget Estimates, includes the following strategic objectives to facilitate achieving this goal.

Strategic Objective I-A: RRB's Transformation

The RRB developed 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 continues to implement its IT Modernization Program. Those initiatives are captured in the Information Technology (IT) Update section of this 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 2025 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.	1. Improve the User Experience 2. Upskill the IT Team
I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces.	1. Improve the User Experience 2. Secure the Enterprise 3. Upskill the IT Team
I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes.	1. Improve the User Experience 2. Secure the Enterprise 3. Upskill the IT Team
I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration.	1. Secure the Enterprise 2. Upskill the IT Team 3. 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.	1. Improve the User Experience 2. Secure the Enterprise 3. Upskill the IT Team 4. Optimize the Infrastructure

STRATEGIC GOAL II: Provide Excellent Customer Service

We aim to satisfy our customers' expectations for quality service both in terms of service delivery options and levels and manner of performance. Our performance plan, submitted as a component of our FY 2025 Justification of Budget Estimates, includes the following strategic objectives to facilitate achieving this goal.

Strategic Objective II-A: Pay benefits timely.

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

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. Our performance plan, submitted as a component of our FY 2025 Justification of Budget Estimates, includes the following strategic objectives to facilitate achieving this goal.

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

Strategic Objective III-B: Ensure the accuracy and integrity of benefit programs.

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

Strategic Objective III-D: Effectively carry out responsibilities with respect to the NRRIT.

Validation of Performance Information. The RRB has implemented comprehensive administrative procedures to ensure that reported performance information is accurate and valid. Administrative Circular RRB-2 establishes standards and assigns responsibility for collecting, documenting, validating, certifying, reporting, and retaining information related to the actual

performance data reported for objectives in the RRB's Annual Performance Budget and Government Performance and Results Act Report.

The procedures require that reporting managers develop and maintain written procedures for:

- Collecting data related to each objective,
- Testing and validating performance data to ensure accuracy,
- Retaining source documents for future reference, and
- Attesting to the accuracy of performance information reported.

Members of the RRB's Executive Committee review performance issues related to their areas of responsibility and assign follow-up action, as necessary. The Executive Committee also reviews and approves performance reports before releasing the drafts for approval by the Board Members.

The following begins a discussion of our key performance indicators.

Discussion of Key Performance Indicators

The RRB has identified the following 10 key performance indicators, which represent our most important responsibilities.

Key performance indicator 1: Timeliness of initial railroad retirement annuity payments, when advanced filed (Objective II-A-1)

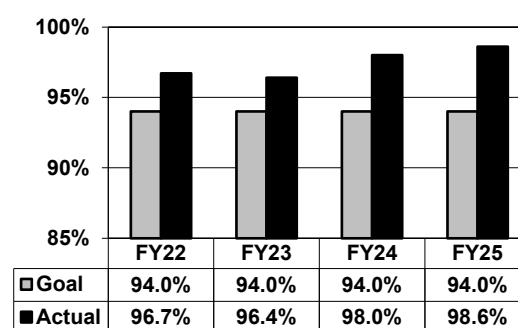
FY 2025 goal: 94.0%
Our FY 2025 performance: 98.6%
 through the 2nd quarter

We are achieving our goal. Automation plays a key role in assuring benefit payment timeliness for this performance indicator.

FY 2024 goal: 94.0%
Our FY 2024 performance: 98.0%

Data definition: This goal is included in the RRB Customer Service Plan.

The 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.
 (FY 25 actual is through 3-31-25)



Key performance indicator 2: Timeliness of initial railroad retirement annuity payments, if not advanced filed (Objective II-A-2)

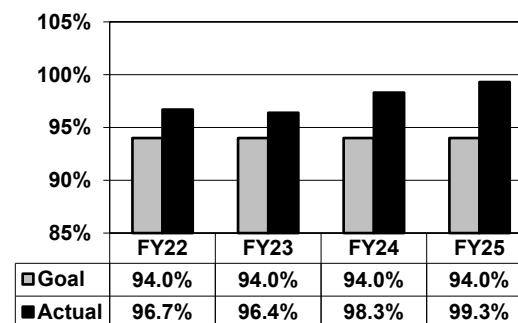
FY 2025 goal: 94.0%
Our FY 2025 performance: 99.3%
 through the 2nd quarter

We are achieving our goal. Automation plays a key role in assuring benefit payment timeliness for this performance indicator.

FY 2024 goal: 94.0%
Our FY 2024 performance: 98.3%

Data definition: This goal is included in the RRB Customer Service Plan.

The 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.
 (FY 25 actual is through 3-31-25)



Key performance indicator 3: Timeliness of new survivor benefit payments (Objective II-A-3)

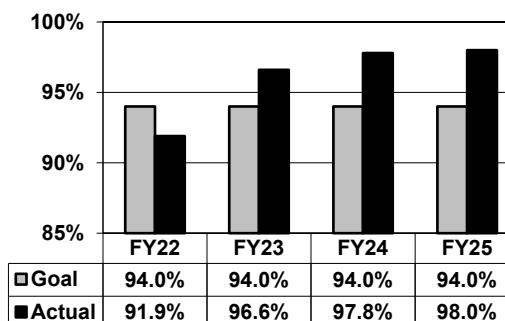
FY 2025 goal: 94.0%
Our FY 2025 performance: 98.0%
 through the 2nd quarter

We are achieving our goal. Automation plays a key role in assuring benefit payment timeliness for this performance indicator.

FY 2024 goal: 94.0%
Our FY 2024 performance: 97.8%

Data definition: This goal is included in the RRB Customer Service Plan.

RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a retirement survivor not already receiving a benefit within 60 days of the annuity beginning date or date filed (whichever is later).
 (FY 25 actual is through 3-31-25)

**Key performance indicator 4: Timeliness of spouse to survivor benefit payment conversions (Objective II-A-4)**

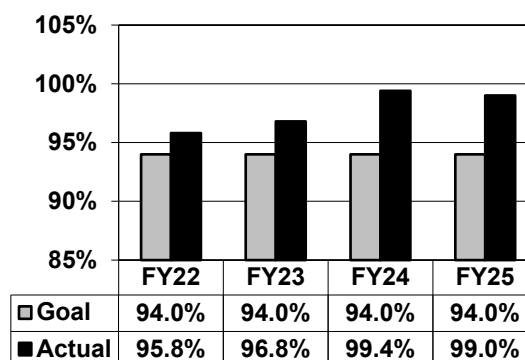
FY 2025 goal: 94.0%
Our FY 2025 performance: 99.0%
 through the 2nd quarter

We are achieving our goal. Automation plays a key role in assuring benefit payment timeliness for this performance indicator.

FY 2024 goal: 94.0%
Our FY 2024 performance: 99.4%

Data definition: This goal is included in the RRB Customer Service Plan.

RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a survivor already receiving benefits as a spouse within 35 days of the RRB's receipt of first notice of the employee's death.
 (FY 25 actual is through 3-31-25)



Key performance indicator 5: Timeliness of unemployment or sickness insurance payments (Objective II-A-6)

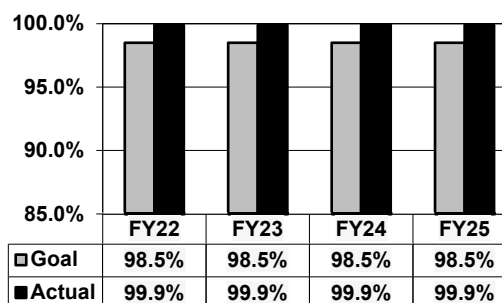
FY 2025 goal: 98.5%
Our FY 2025 performance: 99.9%
 through the 2nd quarter

We are achieving our goal. Automation plays a key role in assuring benefit payment timeliness for this performance indicator.

FY 2024 goal: 98.5%
Our FY 2024 performance: 99.9%

Data definition: This goal is included in the RRB Customer Service Plan.

RRB certifies a payment or releases a letter of denial of UI or SI benefits within 10 days of the date the RRB receives the claim.
 (FY 25 actual is through 3-31-25)

**Key performance indicator 6: Timeliness of disability decisions (Objective II-A-7)**

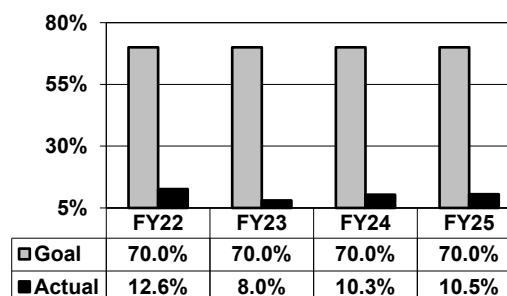
FY 2025 goal: 70.0%
Our FY 2025 performance: 10.5%
 through the 2nd quarter

We are not achieving our goal.

FY 2024 goal: 70.0%
Our FY 2024 performance: 10.3%

The Disability Benefits Division (DBD) continues to make progress toward its goal of 70% of initial filings rated within 100 days. While the goal has not yet been reached, DBD successfully increased the percentage of cases meeting the standard from 7.9% - Q1 FY 2024 to 10.5% - through mid-year FY 2025, a clear upward trend.

The 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.
 (FY 25 actual is through 3-31-25)



At the start of FY 2025, (57%) of the pending cases had filing dates from 2023 and earlier. By the end of March 2025, the percentage of older cases was reduced to 32%, demonstrating meaningful progress in clearing the backlog. A key factor influencing timeliness has been DBD's strategic reduction of older filings from 2021 and 2022, which, while impacting the calculation, is setting the foundation for long-term improvements. Despite a continued increase in 2024 and 2025 files (more than 300 new cases) DBD successfully reduced the total pending cases by 12%.

By eliminating older cases, DBD is redirecting resources to more current filings, which will continue to drive improvements in timelines over the coming quarters.

Data Definition: This goal is included in the RRB Customer Service Plan.

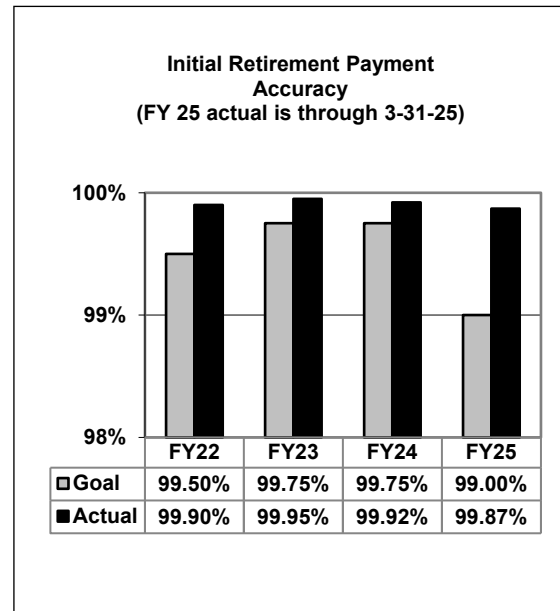
Key performance indicator 7: Initial recurring retirement payment accuracy (Objective III-B-1a)

Our overall strategic goal is to achieve a railroad retirement benefit payment recurring accuracy rate of at least 99 percent on our initial processing of applications for retirement (employee, spouse and widow) benefits.

FY 2025 goal: 99.00%
Our FY 2025 performance: 99.87%
 Through the 2nd quarter

We are achieving our goal. Automation plays a key role in assuring initial benefit payment accuracy by reducing the number of erroneous payments. Automation will become more critical in this area as experienced personnel retire in the coming years.

FY 2024 goal: 99.75%
Our FY 2024 performance: 99.92%



Data definition: This is the percentage of the dollar value of initial recurring retirement benefit payments paid correctly as a result of adjudication actions performed, based on a review of a sample of cases.

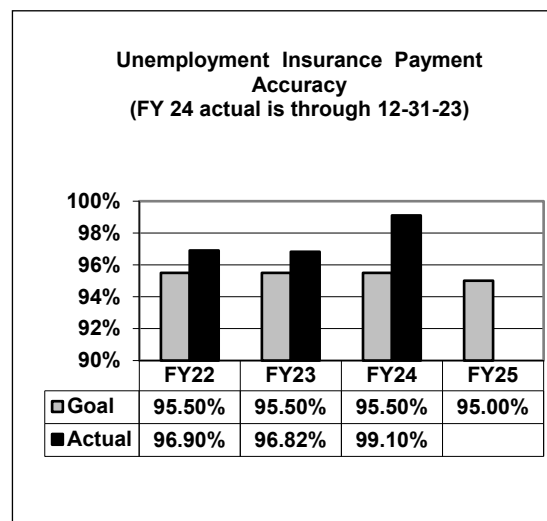
Key performance indicator 8: Unemployment insurance payment accuracy (Objective III-B-2a)

Our overall strategic goal is to achieve a railroad unemployment insurance benefit payment accuracy rate of at least 99 percent.

FY 2025 goal: 95.00%

Our FY 2025 performance: Not Available

The quarterly payment accuracy Review of Unemployment and Sickness Claims has been suspended as of the second quarter of FY 2024 due to a staffing shortage and higher priority RUIA work.



In order to resume this annual review, the RRB will need to fill a critical vacancy in the Program Evaluation UI/SI/DIS/FLD Section and train the new employee on the payment quality assurance process. Historically, payment accuracy for the RUIA program has been high. We have consistently achieved over a 96% UI payment accuracy rate, exceeding our targets in fiscal years 2020 through 2024.

FY 2024 goal: 95.50%

Our FY 2024 performance: 99.10%
through 1st quarter FY 24

Automation plays a key role in assuring benefit payment timeliness for this performance indicator.

Data definition: This is the percentage of the dollar value of unemployment insurance benefit payments paid correctly as a result of adjudication actions performed, based on a review of a sample of cases.

Key performance indicator 9: Sickness insurance payment accuracy (Objective III-B-2b)

Our overall strategic goal is to achieve a railroad sickness insurance benefit payment accuracy rate of at least 99 percent.

FY 2025 goal: 95.50%

Our FY 2025 performance: Not Available

The quarterly payment accuracy Review of Unemployment and Sickness Claims has been suspended as of the second quarter of FY 2024 due to a staffing shortage and higher priority RUIA work.

In order to resume this annual review, the RRB will need to fill a critical vacancy in the Program Evaluation UI/SI/DIS/FLD Section and train the new employee on the payment quality assurance process.

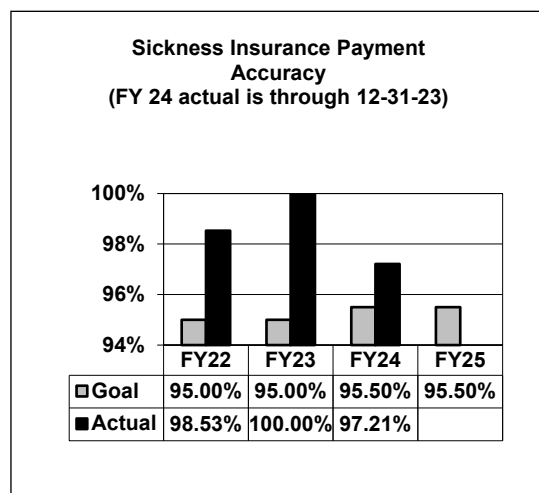
Historically, payment accuracy for the RUIA program has been high. We have consistently achieved over a 97% SI payment accuracy rate, exceeding our targets in fiscal years 2020 through 2024.

FY 2024 goal: 95.50%

Our FY 2024 performance: 97.21%
through 1st quarter FY 24

Automation plays a key role in assuring benefit payment timeliness for this performance indicator.

Data definition: This is the percentage of the dollar value of sickness insurance benefit payments paid correctly as a result of adjudication actions performed, based on a review of a sample of cases.



Key performance indicator 10: Return on investment in program integrity activities
(Objective III-B-5)

FY 2025 goal: \$5.00: \$1

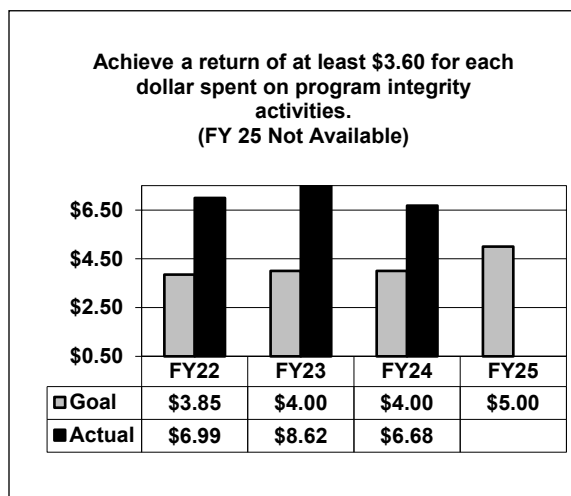
Our FY 2025 performance: Not Available

FY 2024 goal: \$4.00: \$1

Our FY 2024 performance: \$6.68: \$1

We achieved our goal.

Our fiscal year 2024 goal was to achieve a return of \$4.00 for each dollar spent on program integrity activities. We achieved a rate of return of \$6.68 for each dollar spent.



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 SSA's earnings and benefits database, the Centers for Medicare & Medicaid Services' (CMS) utilization and death records, the Office of Personnel Management's benefit records, and State wage reports, usually via data exchange files, and administer other benefit monitoring programs to identify and prevent erroneous payments. We also refer some cases to the OIG for investigation. After investigation, the OIG may pursue more aggressive collection methods, which include civil and criminal prosecution.

Data definition: This is the ratio of the sum of the dollar recoverables and savings, to the labor dollars spent.

Analysis of Financial Statements and Stewardship Information

Amounts in the RR Account not needed to pay current benefits and administrative expenses are transferred to the 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. Amounts in the SSEB Account not needed to pay current benefits and administrative expenses are transferred to either the RR Account or the NRRIT.

Shown on the following page are snapshots of the net position, financing sources, and benefit payments (before elimination of inter-fund transactions) for the RRB accounts. All dollar amounts are in millions.

Net Position, Financing Sources, and Benefit Payments
(In millions)

<u>NET POSITION AT SEPTEMBER 30</u>	<u>2025</u>
Social Security Equivalent Benefit Account	541.3
Railroad Retirement Account	383.7
Railroad Retirement Administrative Fund	38.0
Railroad Unemployment Insurance Trust Fund -	
Benefit Payments	379.0
Administrative Expenses	10.6
Limitation on the Office of Inspector General	11.1
Dual Benefits Payments Account	9.0
Federal Payments to the Railroad Retirement Accounts	0.9
<i><u>American Recovery and Reinvestment Act of 2009</u></i>	
Railroad Unemployment Insurance Extended Benefit Payments – Recovery Act (no year dollars)	0.3
<i><u>Worker, Homeownership, and Business Assistance Act of 2009</u></i>	
Administrative Expenses, Railroad Unemployment Insurance Extended Benefit Payments	0
<i><u>Coronavirus Aid, Relief, and Economic Security Act of 2020</u></i>	
Railroad Unemployment Insurance Extended Benefits (no year dollars) <u>1/</u>	5.7
Railroad Unemployment Insurance Enhanced Benefit Payments (no year dollars)	229.2
Railroad Unemployment Insurance Waiver of 7 Day Period	37.5
Payment to Limitation on Administration	0
Administrative Expenses	0
<i><u>American Rescue Plan Act of 2021</u></i>	
Payment to Limitation on the Office of Inspector General	0
Limitation on the Office of Inspector General	0.2
Administrative Expenses	5.5
Total	<u>\$1,652.0</u>
<u>FINANCING SOURCES FOR FISCAL YEAR</u>	
Social Security Equivalent Benefit Account	\$8,807.9
Railroad Retirement Account <u>2/</u>	5,952.6
Railroad Retirement Administrative Trust Fund	149.0
Railroad Unemployment Insurance Trust Fund -	
Benefit Payments	27.5
Administrative Expenses	0.6
Limitation on the Office of Inspector General	13.7
Dual Benefits Payments Account	5.0
Federal Payments to the Railroad Retirement Accounts <u>3/</u>	0

American Recovery and Reinvestment Act of 2009

Railroad Unemployment Insurance Extended Benefit Payments – Recovery Act (no year dollars)	(0.1)
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Worker, Homeownership, and Business Assistance Act of 2009

Administrative Expenses, Railroad Unemployment Insurance Extended Benefit Payments	0
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Coronavirus Aid, Relief, and Economic Security Act

Railroad Unemployment Insurance Extended Benefits (no year dollars) ^{1/}	(0.7)
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Railroad Unemployment Insurance Enhanced Benefit Payments (no year dollars)	(1.7)
---	-------

Railroad Unemployment Insurance Waiver of 7 Day Period	(0.1)
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Payment to Limitation on Administration	0
---	---

American Rescue Plan Act of 2021

Payment to Limitation on the Office of Inspector General	0
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Limitation on the Office of Inspector General	0
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Administrative Expenses	4.1
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Total

\$14,957.8

BENEFIT PAYMENTS FOR FISCAL YEAR ^{4/}

Social Security Equivalent Benefit Account	\$8,765.7
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Railroad Retirement Account	5,843.0
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Railroad Unemployment Insurance Trust Fund -	
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Unemployment Insurance	29.2
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Sickness Insurance	52.8
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Dual Benefits Payments Account	5.0
--------------------------------	-----

American Recovery and Reinvestment Act of 2009

Railroad Unemployment Insurance Extended Benefit Payments – Recovery Act (no year dollars)	0
--	---

Worker, Homeownership, and Business Assistance Act of 2009

Administrative Expenses, Railroad Unemployment Insurance Extended Benefit Payments	0
--	---

Coronavirus Aid, Relief, and Economic Security Act

Railroad Unemployment Insurance Extended Benefits (no year dollars) ^{1/}	(0.8)
---	-------

Railroad Unemployment Insurance Enhanced Benefit Payments (no year dollars)	(2.0)
---	-------

Railroad Unemployment Insurance Waiver of 7 Day Period	(0.1)
--	-------

Payment to Limitation on Administration	0
---	---

Administrative Expenses	0
-------------------------	---

Total

\$14,692.8

^{1/} Funds were reported in FY2019 as Worker, Homeownership, and Business Assistance Act of 2009.

^{2/} Transfers from the NRRIT are included in the Railroad Retirement Account above.

^{3/} Includes funds subsequently transferred to other accounts. Such inter-fund transfers are eliminated in the preparation of the consolidated statements.

^{4/} Net of recoveries and offsetting collections; excludes SSA benefit payments.

The RRB's financial statements are comprised of a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, Statement of Social Insurance, and the accompanying notes which are an integral part of the statements. We also present, as required supplementary information, a discussion of the actuarial outlook for the railroad retirement program, and the Disaggregate of Budgetary Resources.

Comparison of Net Cost of Operations and Financing Sources

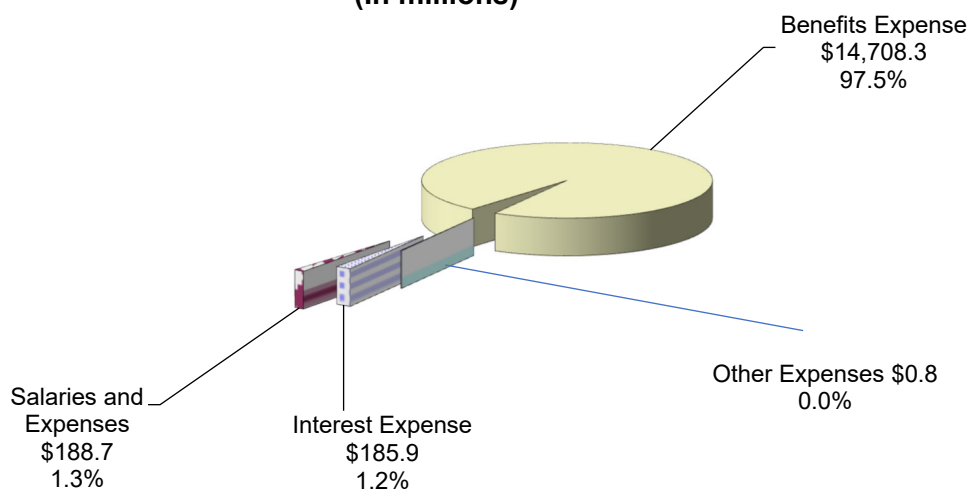
The net cost of operations for fiscal year 2025 was \$15,055.4 million. The details of the net cost of operations by type and amount for fiscal year 2025 are shown below. Additional information regarding the net cost of operations and financing sources for fiscal year 2025 is shown on the following pages.

NET COST OF OPERATIONS

(In millions)

FY 2025	
Interest expense – Treasury borrowing	185.9
Salaries and expenses	188.7
Benefits expense	14,708.3
Other expenses	0.8
Subtotal	\$15,083.7
Less: Earned revenues	(28.3)
Net cost of operations	\$15,055.4

**FY 2025
NET COST OF OPERATIONS
(In millions)**

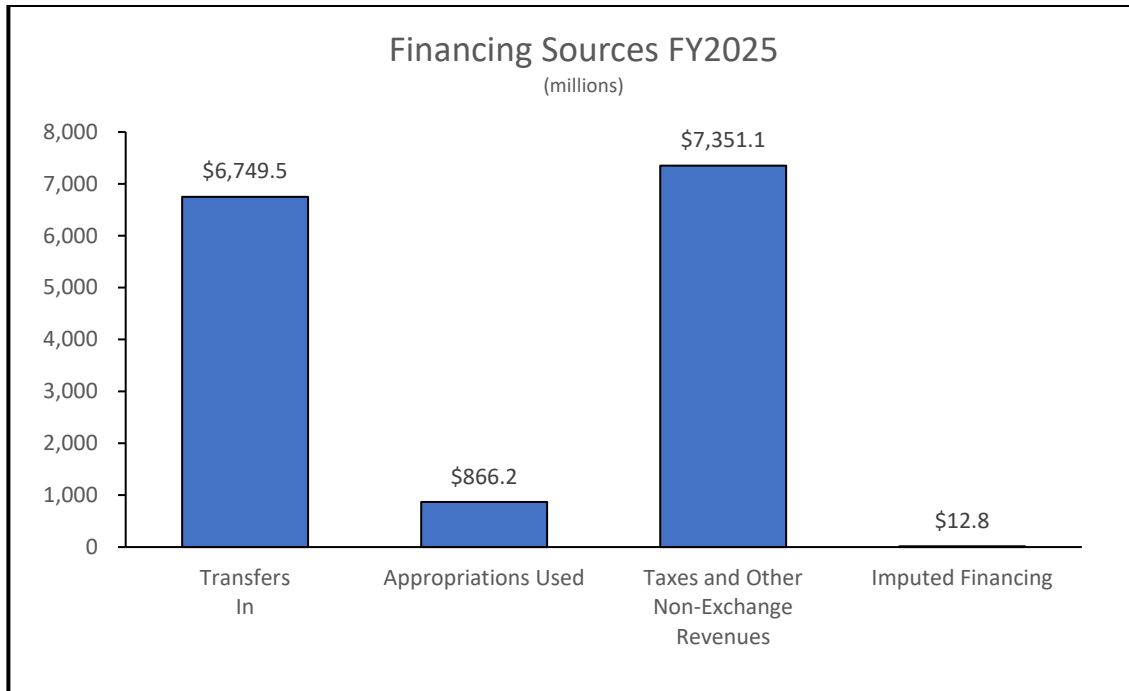


Totals \$15,083.7 million, excluding reimbursements, and earned revenues of (28.3) million

The following table shows financing sources (excluding changes in unexpended appropriations) by type and amount for fiscal year 2025.

FINANCING SOURCES
(in millions)

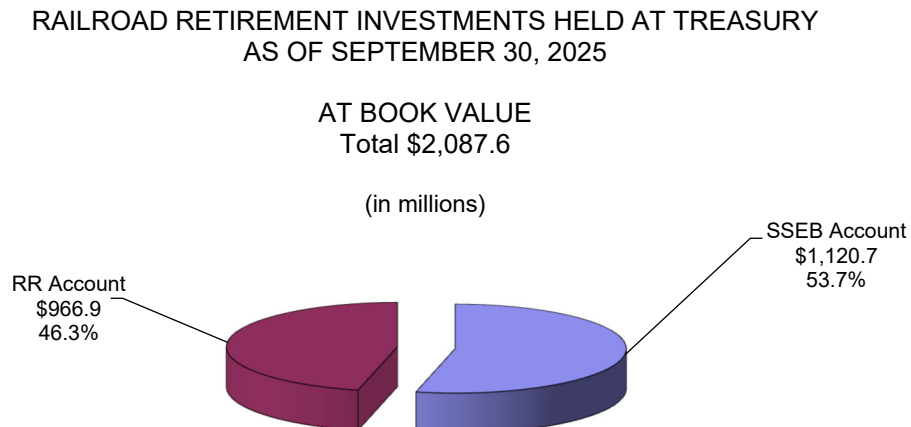
FY 2025	
Budgetary Financing Sources:	
Appropriations used	\$866.2
Taxes and other non-exchange revenues:	
Payroll taxes	7,257.8
Interest revenue and other income	71.9
Carrier refunds – principal	(26.1)
Railroad Unemployment Insurance (RUI) Revenue	47.5
Subtotal	\$8,217.3
Transfers in:	
Financial Interchange, net	\$5,382.5
NRRIT	1,367.0
Subtotal	\$6,749.5
TOTAL BUDGETARY FINANCING SOURCES	\$14,966.8
Other Financing Sources:	
Imputed financing	\$12.8
Gain/(Loss) in Contingency	(21.8)
TOTAL OTHER FINANCING SOURCES	(\$9.0)
TOTAL FINANCING SOURCES	\$14,957.8



Total Financing Sources \$14,979.6 million, excluding a (\$21.8) million loss on contingency.

Railroad Retirement Investments at Treasury

The book value of all railroad retirement investments, including accrued interest, as of September 30, 2025, is \$2,087.6. The following chart shows the portfolio of the railroad retirement investments as of September 30, 2025.



Railroad Retirement Account

On September 30, 2025, the book value of the RR Account investments, including accrued interest, totaled \$966.9 million. The balance on September 30, 2025, consisted of \$965.4 million in 3.750 percent par value specials (with market value equal to face value) maturing on October 1, 2025, and \$1.5 million in accrued interest. Par value specials mature on the first working day of the month following the month of issue and have a yield based on the average yield of marketable Treasury notes with maturity dates at least 3 years away.

Social Security Equivalent Benefit Account

On September 30, 2025, the book value of the SSEB Account investments, including accrued interest, totaled \$1,120.7 million. The balance on September 30, 2025, consisted of \$1,118.5 million in 3.750 percent par value specials maturing on October 1, 2025, and \$2.2 million in accrued interest.

National Railroad Retirement Investment Trust

The NRRIT was established by the Railroad Retirement and Survivors' Improvement Act of 2001 (RRSIA). The sole purpose of the NRRIT is to manage and invest railroad retirement assets. The NRRIT is a tax-exempt entity, independent from the Federal Government and not subject to Title 31, United States Code (USC). The NRRIT is domiciled in and subject to the laws of the District of Columbia.

The NRRIT is comprised of a Board of seven trustees: three selected by railroad labor unions and three by railroad companies. The seventh trustee is an independent member selected by the other six. Members of the Board of Trustees are not considered officers or employees of the Government of the United States.

The RRSIA authorizes the NRRIT to invest railroad retirement assets in a diversified investment portfolio in the same manner as those of private sector retirement plans. Prior to the RRSIA, investment of railroad retirement assets was limited to U.S. Government securities.

The NRRIT and the RRB are separate entities. The RRB remains a federal agency and continues to have full responsibility for administering the railroad retirement program, including eligibility determinations and the calculation of benefit payments. The NRRIT has no powers or authority over the administration of benefits under the railroad retirement program. Under the RRSIA, the NRRIT is required to act solely in the interest of the RRB, and through it, the participants and beneficiaries of the programs funded under the RRA. The RRSIA does not delegate any authority to the RRB with respect to day-to-day activities of the NRRIT, but the RRSIA provides that the RRB may bring a civil action to enjoin any act or practice of the NRRIT that violates the provisions of the RRSIA or to enforce any provision of the RRSIA.

Under the RRSIA, the financial statements of the NRRIT are required to be audited annually by an independent public accountant. In addition, the NRRIT must submit an annual management report to the Congress on its operations, including a Statement of Financial Position, a Statement of Operations, a Statement of Cash Flows, a Statement on Internal Accounting and Administrative Control Systems, the independent auditor's report, and any other information necessary to inform the Congress about the operations and financial condition of the NRRIT. A copy of the annual report must also be submitted to the President, the RRB, and the Director of OMB.

While transfers from the NRRIT are a financing source received in the Railroad Retirement Act account, since the NRRIT is classified as a standalone significant entity for purposes of the annual Financial Report of the United States Government, the assets held by the NRRIT are not consolidated in the RRB's component entity financial statements, but are instead consolidated at the government-wide level.

Social Insurance: Key Measures

Railroad Retirement System Assets: Total assets supporting the Railroad Retirement Program as of September 30, 2025, were \$37.6 billion. Of this amount, \$8.7 billion were held by the RRB and \$28.9 billion were held by the NRRIT. Since the NRRIT is classified as a standalone significant entity for purposes of the annual Financial Report of the United States Government, the assets held by the NRRIT are consolidated at the government-wide level.

Balance Sheet: The Balance Sheet displayed in the Financial Section presents our assets, liabilities, and net position. Total assets as of September 30, 2025, were \$8.7 billion. Our investments totaled \$2.1 billion, and we invest those funds not needed to pay current expenses or benefits in interest bearing Treasury securities. A chart of investment balances held at Treasury can be found on page 28. Total liabilities for fiscal year 2025 are \$7.1 billion.

Statement of Net Cost: The Statement of Net Cost displayed in the Financial Section presents the annual cost of operating our two major programs: 1) railroad retirement and 2) railroad unemployment and sickness insurance. For year ended September 30, 2025, total net cost of operations were \$15.1 billion. A table for the net cost of operations for fiscal year 2025 can be found on page 26.

Statement of Changes in Net Position: The Statement of Changes in Net Position displayed in the Financial Section reflects the changes that occurred within cumulative results of operations and unexpended appropriations. Total net position for the year ended September 30, 2025, was \$1.7 billion. Total financing sources for 2025 are \$15.0 billion. A table for financing sources for fiscal year 2025 can be found on page 26.

Statement of Social Insurance: Federal accounting standards require the presentation of a Statement of Social Insurance (SOSI) as a basic financial statement. The SOSI presents the present values of estimated future revenue and expenditures of the Railroad Retirement program. The SOSI covers a period of 75 years in the future, and the information and disclosures presented are deemed essential to the fair presentation of this statement.

The open group as of the valuation date includes current participants who have attained retirement age under the Railroad Retirement program, current participants who have not yet attained retirement age, and those expected to become participants, or new entrants. The closed group as of the valuation date includes only current participants: (1) those who have not yet retired but are active workers paying payroll taxes, (2) those who have retired and are receiving benefits, and (3) those who are not currently working but have sufficient service to be eligible for future benefits. The closed group measure represents a reasonably good estimate of the extent to which benefits of the closed group are funded by members of the closed group. The open group measure is inherently more sensitive to assumptions about the distant future than the closed group measure. The open group measure gives a more complete assessment of the long-term financial stability of the program because it includes all those who are projected to be participants in the program over the given projection period, whether paying payroll taxes or receiving benefits.

The net present value (NPV) of estimated future expenditures less estimated future revenue (net expenditures) for all participants over the next 75 years (open group) changed from \$24.4 billion as of September 30, 2023, to \$27.5 billion as of September 30, 2024, a net change in the open group measure of \$3.0 billion, when rounded. Note that the Social Insurance information in the Table of Key Measures shows future expenditures less future revenue, while the Statement of Social Insurance shows future revenue less future expenditures. This change in presentation in the Table of Key Measures is done to eliminate any ambiguity in the interpretation of percentage changes in negative amounts.

As can be seen on the Statement of Changes in Social Insurance Amounts, the change in the valuation period (from fiscal years 2024-2098 to fiscal years 2025-2099) resulted in a change of \$1.2 billion in the open group measure. There were no changes in the demographic assumptions, but there were updates to projected levels of railroad employment and demographic data. Changes in demographic data, assumptions, and methods resulted in a change of \$0.1 billion in the open group measure. Select assumptions for the Cost-of-Living Adjustment (COLA), wage increase, and investment return were updated, as described in the notes to the Statement of Changes in Social Insurance Amounts found in **18. Social Insurance**. A change in the open group measure of \$1.7 billion is due to changes in economic data, assumptions, and methods. This year there were no changes in methodology or in law or policy other than the signing into law of the Social Security Fairness Act, which had no material impact on the NPV.

Regarding the Statement of Social Insurance amounts, Standard #37, Social Insurance: "Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements," says that we should provide a statement such as the following:

The financial statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions on the related information.

TABLE OF KEY MEASURES	
Dollars in Millions	As reported in FY 2025
Gross Program Costs	\$15,083.7
Less: Earned Revenue	(28.3)
Net Cost of Operations	\$15,055.4
Assets	
Fund Balance with Treasury	\$329.2
Investments, Net	2,087.6
Property, Plant, & Equipment, Net	5.0
Other	6,284.6
Total Assets	\$8,706.4
Liabilities	
Accounts Payable	767.2
Pension, Post-Employment, [& Veterans] Benefits Payable	10.0
Other	6,277.2
Total Liabilities	\$7,054.4
Net Position (Assets minus Liabilities)	\$1,652.0

Dollars in Billions	10/1/2024
SOCIAL INSURANCE	
SOCIAL INSURANCE ³	
Social Insurance Net Expenditures (Open Group)	\$27.5

³ Source: Statement of Social Insurance (SOSI). Amounts reflect estimated present value of projected revenue and expenditures for scheduled benefits over the next 75 years. The SOSI shows future revenue, less future expenditures, while the Key Measure above shows future expenditures less future revenue. This change in presentation is done to eliminate any ambiguity in the interpretation of percentage changes in negative amounts. Included in Net Expenditures is the Asset Experience Gain/(Loss) for the period 10/1-12/31 following. Note that detail may not add to total due to rounding.

Analysis of Systems, Controls and Legal Compliance

Management Assurances

As of September 30, 2025, the Railroad Retirement Board states and assures that, to the best of our knowledge:

- 1 The Railroad Retirement Board (RRB) management is responsible for managing risks and maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act (FMFIA). The RRB conducted its assessment of risk and internal controls in accordance with OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Based on the results of the assessment, the agency can provide reasonable assurance that the internal controls within our authority were operating effectively over operations, reporting, external reporting, and compliance as of September 30, 2025.
2. The RRB's Office of Inspector General (OIG) conducted an independent audit of the agency's FY 2025 consolidated financial statements. Based on the results of this audit, the agency has reasonable assurance that its financial statements present fairly, in all material respects, the financial position of the RRB as of September 30, 2025, and its net cost, changes in net position, and combines budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
4. Additionally, as part of the FY 2025 financial statement audit, the OIG conducted an independent audit of the agency's FY 2025 sustainability financial statements. Based on the results of this audit, the agency has reasonable assurance that its sustainability financial statements present fairly, in all material respects, the RRB's social insurance information as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, and October 1, 2020 and its changes in social insurance amounts for the two year period ended September 30, 2024, in accordance with U.S. GAAP.
4. Lastly, as part of the FY 2025 financial statement audit, the OIG assessed the effectiveness of the RRB's internal controls over financial reporting as of September 30, 2025. Based on this assessment, the OIG identified two material weaknesses associated with the RRB's internal controls over financial reporting. Specifically, one material weakness due to a lack of corrective action plans and one due to ineffective information technology controls over financial reporting.
5. In accordance with the Federal Information Security Modernization Act of 2014 (FISMA), this agency has established an Information Security Program and implemented controls to support the Cybersecurity framework; however, additional work is needed to achieve a rating of effective. This agency's financial management system is managed under contract and is a comprehensive proprietary software application from CGI Federal – Momentum Enterprise Solution – that resides on a cloud hosting service and is discussed in detail in the Financial Management Systems Strategy Section. As a result, the agency's FISMA overall maturity level does not directly impact its financial management system.

6. The financial management systems of this agency maintain accountability for assets and provide reasonable assurance that obligations and costs comply with applicable law, and that performance data and proprietary and budgetary accounting transactions applicable to the agency are recorded and accounted for to permit the timely preparation of accounts and reliable performance information. The financial management systems at this agency satisfy the requirements of Section 4 of the FMFIA.
7. The financial management systems of this agency provide reliable, timely, complete, and consistent performance and other financial information, which enables the agency to make decisions, efficiently operate and evaluate programs, and substantially satisfy the requirements of the Government Performance and Results Act of 1993 and OMB Circular No. A-11, Preparation, Submission and Execution of the Budget.
8. In accordance with Office of Management and Budget (OMB), M-18-16, Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk, we can provide reasonable assurance that the Data Quality Plan and its associated internal controls substantially support the reliability and validity of this agency's account-level and award-level data reported for display on USASpending.gov in compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act).

Original Signed by:

Erhard R. Chorlé, Chairman

John Bragg, Labor Member

Thomas Jayne, Management Member

Management Control Review Program

The Management Control Review (MCR) is a key component of the RRB's Enterprise Risk Management (ERM) program and is used to document the agency's internal control system, identify and respond to risks, and meet Federal Managers Financial Integrity Act (FMFIA) requirements. Through the MCR, management assesses the design, implementation, and operations of the internal control system from the assessable unit (AU) level. In turn, management uses the results of the MCR to support the assurance statements in the agency's Performance and Accountability Report.

To meet requirements established in Section 2 of the FMFIA, the RRB uses the MCR to help document that the agency's internal accounting and administrative controls are established in accordance with standards prescribed by the Comptroller General, and provide reasonable assurances that the following objectives are met.

- Obligations and costs comply with applicable law.
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation.
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

During the FY 2025 MCR, management assessed the agency's 47 AUs to determine whether each AU met the applicable objectives in Section 2 of the FMFIA. Each organization head (OH) reviewed the MCR results for the AUs under their purview to determine if they had reasonable assurance that internal accounting and administrative controls in their assigned AUs complied with applicable FMFIA requirements. Based on the results of the OH reviews, the Executive Committee (EC) determined that collectively, the EC members had reasonable assurance that the internal accounting and administrative controls in each of the RRB's organizations complied with applicable FMFIA requirements. The EC members also confirmed that management in their organizations did not identify any material weaknesses during the MCR.

Federal Information Security Modernization Act

During fiscal year 2025, the RRB continued to improve its security posture for the agency. In fiscal year 2025, the RRB's cloud environments in the IBM zCloud, and Microsoft's (MS) Azure and M365 clouds, and the RRB general support system and major applications continue to maintain their full Authorities to Operate (ATOs) based on NIST 800-53 revision 5 security control assessments. Managing of the federally directed zero trust architecture strategy continued in fiscal year 2025, with the RRB managing many controls using tools and services available in MS Azure and M365 cloud environments. These actions directly and strongly impacted our ability to improve the overall risk management posture for the agency. Through these efforts, we addressed and closed 16 OIG and 83 non-OIG POAMs during fiscal year 2025. As the RRB continues to develop and implement its IT modernization initiatives, we will proactively address the remaining findings and recommendations to improve the agency's security posture and to sustain at acceptable levels.

Preliminary Cyberscope audit results, a part of the fiscal year 2025 FISMA audit, indicate that Castro & Company recognized the RRB is sustaining progress on all the Core Metrics from the

prior year at consistently implemented (level 3). Additionally, the RRB is continuing to refine our roadmap to successfully implement a full Zero-Trust architecture as well as maximize its performance against the measured FISMA controls as it continues to modernize its enterprise. The RRB will continue to make incremental steps to reach the overall maturity goal of Level 4 – Managed and Measurable.

Financial Management Systems Strategy

The RRB is committed to an integrated and automated financial management system that focuses on the agency's mission and accountability. Our goals are to (1) achieve compliance with applicable laws, regulations, standards and requirements; (2) identify requirements for financial systems support; (3) improve and facilitate user access to financial information; (4) reduce redundant data entry, storage and processing; and (5) improve security, control and disaster recovery capability for information processed and stored on remote servers, local area network and personal computer systems.

The RRB's financial management system is a comprehensive proprietary software application from CGI Federal – Momentum Enterprise Solution – that resides on a cloud hosting service. The RRB's system is referred to as the Financial Management Integrated System (FMIS). Momentum meets the core financial system requirements set by the Financial Systems Integration Office (FSIO) and is Federal Enterprise Architecture compliant. The hosting service is also provided by CGI Federal which is a commercial shared service provider for financial system services. Its cloud system has achieved compliance with the General Services Administration's (GSA) FedRAMP security requirements and is an authorized cloud service provider. As such, FMIS is separate and distinct from RRB's internally managed Agency Enterprise General Information Systems (AEGIS), Benefit Payment Operations (BPO) and Financial Interchange (FI) system.

FMIS supports the RRB's budget formulation and execution, general ledger and trust fund accounting, procurement, contract management, fixed assets, accounts payable and both administrative and program accounts receivable requirements. FMIS was migrated from its Phoenix Data Center hosting environment to AWS cloud environment in March 2024.

The RRB currently utilizes both commercial and Federal shared service providers for other E-Government functions, including payroll (GSA), travel (CWTSatoTravel) and employee relocation services (Bureau of the Fiscal Service). The RRB's human resources shared service provider is IBM (i.e. GSA, RRB's previous provider, transitioned the functions to IBM in FY 2019). The payroll and travel functions are integrated with FMIS through electronic interfaces.

Forward-Looking Information

Information Technology Modernization

Our mission essential programs are straining under the burden of being maintained by legacy computer systems built 40 years ago. To continue providing the excellent service to our beneficiaries, our IT modernization efforts are being leveraged to transform these legacy systems and build modern digital services while safeguarding information anywhere, anytime, in all ways throughout the information life cycle. As part of modernization, we have the opportunity to leverage more efficient and effective technologies that will positively impact our infrastructure and use of software applications and data to provide timely and accurate services to our customers. The modernization will require an updated architecture to directly address our service delivery from a managed cloud services perspective. With ever increasing IT security and privacy risks, we aim to make our systems and processes more robust with advanced privacy and security controls. This IT modernization is a three-phased, iterative and incremental approach to confirm program integrity and meet operational performance standards, all while improving our customer's experiences with our services.

In fiscal year 2025, the RRB was focused on completing the final infrastructure activities of the Stabilize Phase. Within the Stabilize Phase, we completed the Unified Communications project, the final Enterprise Infrastructure Solutions (EIS) infrastructure effort.

The RRB sought an alternative funding source to shift into the Modernize Phase of its three-phase strategy – Stabilize | Modernize | Perform. On December 13, 2022, RRB was awarded an \$8.69M investment from GSA and OMB's Technology Modernization Fund (TMF) to improve the Customer Experience for our citizens. In fiscal year 2025 the RRB awarded a development services contract for Citizen Centric Online Self Services. The application development contract provides services to begin building and implementing new self-service options on our public-facing website, which will provide our customers with the ability to update some of their personal information such as changes to their mailing address or direct deposit account. It will also provide railroad employees the ability to file sickness applications, submit supporting documentation, and view the status of their sickness applications online.

Human Capital Management

The RRB continues to evaluate its workforce strategies to include accounting for succession planning efforts into its management of human capital. Over 30 percent of our employees have 20 or more years of service and 23 percent of the current workforce will be eligible for retirement by end of fiscal year 2025. The Bureau of Human Resources has shifted to a strategic approach in managing its human capital through such efforts as workforce and succession planning, workforce restructuring to ensure alignment with its mission and where necessary, revision of employee performance standards to ensure efficient and effective accomplishment of RRB operations. The RRB's Human Resources office continues to automate and streamline personnel policies and procedures and educate, develop, and train RRB employees and supervisors both in technical and soft skills in alignment with the RRB's mission, values and goals. The RRB continues to strategically align our most important human resources with the RRB's mission and best human capital management practices within the Federal government.

Although the RRB has been in a hiring freeze since April 2024 given budgetary constraints, the Workforce Organization Management section (WOMS) continues to refine recruitment programs

to ensure alignment with the Executive branch of federal government guidance and principles. This includes aligning recruitment strategies and efforts using a variety of recruitment methodologies, including targeted hiring programs, developed and enhanced assessment tools, and other hiring authorities for the RRB's more difficult positions to fill.

The Benefits, Employee & Labor Relations section (BEL) 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 BEL section has taken on the task of updating a number of Human Resources policies and negotiating those policies, where appropriate, with the RRB's union. This includes creating new policies and updating outdated policies on Performance Management, Leave Administration, 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 the RRB's shifting culture, encompass the importance of employee engagement and empowerment, 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 employee surveys to create the RRB's training strategies and develop training (whether it be virtual or in-person). The Training and Development section also utilizes available technology, low-cost training options and 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. The RRB continues to update and automate training modules available to all RRB employees, from entry-level and mission critical claims and benefit training to leadership classes, to ensure a successful training environment for RRB employees and the successful accomplishment of the RRB's mission.

Summary of Actuarial Forecast

The Statement of Social Insurance (SOSI) presents an actuarial analysis of the financial position of the railroad retirement system as of October 1, 2024, under our intermediate employment assumption. The Required Supplementary Information presents sensitivity analyses showing the impact of changes in employment and investment return assumptions. Under our intermediate employment assumption, as well as the optimistic and pessimistic employment assumptions, no cash flow problems arise during fiscal years 2025-2099. However, the sensitivity analyses show that, under the current financing structure, actual levels of railroad employment and investment return over the coming years will determine whether any corrective action is necessary. Extremely poor experience may still make the system unable to pay benefits in all future years.

Section 7105 of the Technical and Miscellaneous Revenue Act of 1988 requires the RRB to submit an annual report to Congress on the financial status of the railroad unemployment insurance system. Projections were made for the various components of income and outgo under each of three employment assumptions for the 11 fiscal years 2025-2035. The results indicate that experience-based contribution rates will respond to fluctuating employment and unemployment levels and, potentially with short-term borrowing, will maintain the solvency of the Railroad Unemployment Insurance Account (RUIA).

Under each assumption, the RUIA balance is expected to be above the indexed \$100 million surcharge threshold in June 2025 but below the indexed \$250 million threshold, resulting in no surcharge or pooled credit or calendar year 2026. For calendar years 2026 and 2027, no surcharge or pooled credit is predicted under all assumptions; there is the possibility of a 1.5 percent surcharge in calendar year 2028 under the pessimistic assumption. Under the

pessimistic employment assumption, there is the possibility of small loans in fiscal years 2028 and 2029 that will be repaid in 2029.

Limitations of the Financial Statements

The limitations of the principal financial statements are as follows:

The principal financial statements are prepared to report the financial position and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records of the entity in accordance with Federal Generally Accepted Accounting Principles and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.

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PERFORMANCE SECTION (Unaudited)

Government Performance and Results Act Report

The following performance report is based on the major goals and objectives for fiscal year 2025 from the RRB's Annual Performance Plan. The indicators we developed support our mission and communicate our intentions to meet challenges and seek opportunities for greater efficiency, effectiveness and economy.

To achieve our performance goals, the RRB holds managers accountable for achieving program results and improving program effectiveness by focusing on results, service quality and customer satisfaction. In addition, the annual performance plan is used 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. To provide reasonable assurance that the reported performance information is relevant and reliable, performance goals are incorporated into performance standards for managers and supervisors and monitored on an agency-wide basis.

The following is a consolidated presentation of our actual performance for fiscal year 2025 through March 31, 2025 (except as noted), followed by a discussion of our unmet performance goals and objectives for fiscal year 2024. At the time this report was prepared, actual fiscal year 2025 information was unavailable. Unmet fiscal year 2025 goals and indicators will be presented in next year's report. This performance report was prepared by RRB employees.

Railroad Retirement Board Fiscal Year 2025 Performance Plan	2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to Sustain Mission Essential Services					
<i>Strategic Objective: Legacy Systems Modernization</i> Goal leader: Robert DeLuca, Chief Information Officer					
I-A-1. Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions.	Azure Migration: 100%	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY 24	Performance Indicator Complete and Closed Starting FY 24
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.	Goal Complete	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY 24	Performance Indicator Complete and Closed Starting FY 24

Railroad Retirement Board Fiscal Year 2025 Performance Plan	2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
I-A-3. Transition Mission Essential Programs from the End-of-Life Mainframe hardware.	Goal Complete	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY 24	Performance Indicator Complete and Closed Starting FY 24
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.	Goal Complete	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY 24	Performance Indicator Complete and Closed Starting FY 24
I-A-5. Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase.	Goal Complete	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY 24	Performance Indicator Complete and Closed Starting FY 24
I-A-6. Complete the development of business rules strategy and data layer components of the modernization.	50%	50%	100%	Performance Indicator Complete and Closed Starting FY 24	Performance Indicator Complete and Closed Starting FY 24
I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces.	0%	0%	0%	100%	50%
I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes.	0%	0%	0%	25%	0%
I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program and configuration.	50%	75%	100%	Performance Indicator Complete and Closed Starting FY 25	Performance Indicator Complete and Closed Starting FY 25

Railroad Retirement Board Fiscal Year 2025 Performance Plan	2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
I-A-10. Evaluate the reengineering assessment deliverables to determine a cost-effective path forward to application rationalization and streamline business processes.	50%	100%	100%	Performance Indicator Complete and Closed Starting FY 25	Performance Indicator Complete and Closed Starting FY 25
STRATEGIC GOAL II: Provide Excellent Customer Service					
Strategic Objective: Pay benefits timely. Goal leader for objectives II-A-1 through II-A-5; II-A-7 and II-A-8: Jebby Rasputnis, Director of Programs Goal leader for objective II-A-6: Mark Blythe, Director of Field Service Goal leader for objective 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)	96.7%	96.4%	98.0%	94.0%	98.6%
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)	96.7%	96.4%	98.3%	94.0%	99.3%
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)	91.9%	96.6%	97.8%	94.0%	98.0%
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 benefits as a spouse within 30 days of the RRB's receipt of first notice of the employee's death. (Measure: % ≤ 30 days. Measure FY 2024 and later: % ≤ 35 days)	95.8%	96.8%	99.4%	94.0%	99.0%
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)	94.4%	99.2%	99.4%	95.0%	98.5%

Railroad Retirement Board Fiscal Year 2025 Performance Plan		2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
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: % $\leq$ 10 days)		99.9%	99.9%	99.9%	98.5%	99.9%
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: % $\leq$ 100 days)		12.6%	8.0%	10.3%	70.0%	10.5%
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: % $\leq$ 25 days)		89.4%	92.6%	92.8%	91.0%	95.7%
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)		174	204	303	225	310
Strategic Objective: Provide a range of choices in service delivery methods. Goal leader: Jebby Rasputnis, 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	20 services available	20 services available	20 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:	99.3%	96.0%	99.6%	99.1%	99.85%
	b) Internet Services	31 Internet services available	31 Internet services available	31 Internet services available	33 Internet services available ^{7/}	31 Internet services available

Railroad Retirement Board Fiscal Year 2025 Performance Plan		2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
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.)		89.35%	88.53%	88.27%	85.00%	90.1%
Strategic Objective: Ensure the accuracy and integrity of benefit programs. Goal leader III-B-1(a)(b) and III-B-3, 4, and 5: Jebby Rasputnis, Director of Programs Goal leader III-B-2a: Mark Blythe, Director of Field Service Goal leader III-B-2b: Jebby Rasputnis, Director of Programs						
III-B-1. Achieve a railroad retirement benefit payment accuracy rate ^{8/} of at least 99%. (Measure: percent accuracy rate)	a) Initial payments	99.90%	99.95%	99.92%	99.00%	99.87%
	b) Sample post recurring payments	99.68%	FY 2023 Post Study Suspended	98.08%	99.00%	99.78%
III-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{9/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	96.90%	96.82%	99.10% ^{9/}	95.00%	Not Available
	b) Sickness	98.53%	100%	97.21% ^{9/}	95.50%	Not Available
III-B-3. Overall Initial Disability Determination Accuracy. (Measure: % of Case Accuracy)		80.60%	93.10%	91.7%	95.00%	Not Available
III-B-4. Maintain the level of RRA improper payments below the OMB threshold. (Measure: prior to fiscal year 2014, below 2.5%; beginning fiscal year 2014, below 1.5%)		Not Applicable Reporting Relief ^{10/}	Not Applicable Reporting Relief ^{10/}	Not Applicable Reporting Relief ^{10/}	Not Applicable Reporting Relief ^{10/}	Not Applicable Reporting Relief ^{10/}

Railroad Retirement Board Fiscal Year 2025 Performance Plan	2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
III-B-5. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure for fiscal year 2011: recoveries and savings per dollar spent. Measure for fiscal years 2012 and following: recoverables and savings per dollar spent).	\$6.99: \$1:00	\$8.62: \$1.00	\$6.68: \$1.00	\$5.00: \$1.00	Not Available
III-B-6. Reduce the backlog of RRB's Cost of Living (COLA) annuity adjustment cases that do not fully process mechanically by 70% (less than 1,000 for FY 2024). ^{11/}	Superseded by III-B-13	Superseded by III-B-13	Superseded by III-B-13	Performance Indicator Considered Obsolete FY 2025	Performance Indicator Considered Obsolete FY 2025
III-B-7. Reduce the backlog of RRB's Service and Compensation annuity adjustment cases that do not fully process mechanically by 10% (less than 27,250 for FY 2024). ^{11/}	Superseded by III-B-14	Superseded by III-B-14	Superseded by III-B-14	Performance Indicator Considered Obsolete FY 2025	Performance Indicator Considered Obsolete FY 2025
III-B-8. Reduce the backlog of earnings report annuity adjustment cases by 20% (less than 12,000 for FY 2024). ^{11/}	Superseded by III-B-15	Superseded by III-B-15	Superseded by III-B-15	Performance Indicator Considered Obsolete FY 2025	Performance Indicator Considered Obsolete FY 2025
III-B-9. Reduce the backlog of miscellaneous retirement annuity adjustment cases, that may include an increase in a public pension, a favorable RRB Disability Freeze determination or a workman compensation adjustment by 15% (less than 7,500 for FY 2024). ^{11/}	Superseded by III-B-16	Superseded by III-B-16	Superseded by III-B-16	Performance Indicator Considered Obsolete FY 2025	Performance Indicator Considered Obsolete FY 2025
III-B-10. Reduce the backlog of miscellaneous Social Security Retirement non-COLA adjustment cases that include changes in SSA benefit amounts due to processes such as Automatic Earnings Reappraisal Operation (AERO), garnishment reductions or voluntary tax withholding by 15% (less than 7,650 for FY 2024). ^{11/}	Superseded by III-B-17	Superseded by III-B-17	Superseded by III-B-17	Performance Indicator Considered Obsolete FY 2025	Performance Indicator Considered Obsolete FY 2025
III-B-11. Reduce the backlog of Social Security adjustment cases that include COLA adjustments and do not fully process mechanically by 11% (less than 3,050 for FY 2024). ^{11/}	Superseded by III-B-18	Superseded by III-B-18	Superseded by III-B-18	Performance Indicator Considered Obsolete FY 2025	Performance Indicator Considered Obsolete FY 2025

Railroad Retirement Board Fiscal Year 2025 Performance Plan	2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
III-B-12. Reduce the backlog of Social Security non-award record maintenance actions, which could result in a benefit payment adjustment by 11% (less than 73,750 for FY 2024). ^{11/}	Superseded by III-B-19	Superseded by III-B-19	Superseded by III-B-19	Performance Indicator Considered Obsolete FY 2025	Performance Indicator Considered Obsolete FY 2025
III-B-13. Process RR cost of living reject referrals received October 1, 2023, and later within 90 days of receipt.	Effective FY 2024	Effective FY 2024	94.9%	90.0%	Not Available
III-B-14. Process SS cost of living reject referrals received October 1, 2023, and later within 180 days of receipt.	Effective FY 2024	Effective FY 2024	99.7%	85.0%	Not Available
III-B-15. Process Social Security Automatic Earnings Reappraisal Operation (AERO) referrals received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	61.0%	80.0%	Not Available
III-B-16. Process earnings reports referred out by the System Processing Excess Earnings Database (SPEED) received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	99.4%	80.0%	Not Available
III-B-17. Process Earnings Data Processing (EDP Policing) referrals received October 1, 2023, and later within one year of receipt.	Effective FY 2024	Effective FY 2024	Not Observed	70.0%	Not Available
III-B-18. Process general Railroad and Social Security post referrals received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	97.5%	80.0%	Not Available
III-B-19. Process Social Security Monthly Output Referrals (MOR) received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	Not Observed	80.0%	Not Available

Railroad Retirement Board Fiscal Year 2025 Performance Plan		2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
Strategic Objective: Ensure effectiveness, efficiency, and security of operations. Goal leader: Robert DeLuca, Chief Information Officer						
III-C-1. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost.		100%	100%	100%	85%	100%
III-C-2. Deliver – Meet Customer Expectations. WWW.RRB.GOV Internet Services (Mainline and employer Reporting System) Continuous availability experienced by End users.	a) 99.76%	99.17%	99.76%	99.72%	99.00%	99.66%
	b) 1.67 hours	5.79 hours	1.67 hours	4.08 hours	7 hours	1.75 hours
III-C-3. Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.		Microsoft Azure Cloud: Yes.	Microsoft Azure Cloud: Yes.	Decommission Legacy Disaster Recovery Site: Yes	Table – Top Exercise Yes	Table – Top Exercise Yes
III-C-4. Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives.		100%	100%	Performance Indicator Complete and Closed Starting in FY24.	Performance Indicator Complete and Closed Starting in FY24.	Performance Indicator Complete and Closed Starting in FY24.
III-C-5. 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%	Performance Indicator Complete and Closed Starting in FY24.	Performance Indicator Complete and Closed Starting in FY24.	Performance Indicator Complete and Closed Starting in FY24.
III-C-6. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.		Unprivileged Network Users>49% Privileged Users 100%	Unprivileged Network Users>83% Privileged Users 100%	Unprivileged Network Users>83% Privileged Users 100%	Unprivileged Network Users>85% Privileged Users 100%	Unprivileged Network Users>83% Privileged Users 100%

Railroad Retirement Board Fiscal Year 2025 Performance Plan	2022 Actual (At \$123.5m ^{2/})	2023 Actual (At \$128.0m ^{3/})	2024 Actual (At \$128.0m ^{4/})	2025 Planned ^{1/} (At \$172.3m)	2025 Actual ^{1/} (At \$126.0m ^{5/6/})
Strategic Objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust. 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

Footnotes:

- ^{1/} Planned amounts reflect the fiscal year 2025 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released on March 11, 2024. Unless otherwise noted, actual results represent status as of March 31, 2025, and as reported in the RRB's FY 2027 Budget Submission, dated September 8, 2025.
- ^{2/} Public Law 117-103, the Consolidated Appropriation Act, 2022, provided \$124,000,000 in funding.
- ^{3/} Public Law 117-328, the Consolidated Appropriations Act, 2023, provided \$128,000,000 in funding.
- ^{4/} Public Law 118-364, Further Consolidated Appropriations Act, 2024, provided \$126,000,000 in funding.
- ^{5/} Public Law 119-4, Full-Year Continuing Appropriations and Extensions Act, 2025 (division A), provided \$126,000,000 in funding.
- ^{6/} Fiscal year 2025 actual results represent status as of March 31, 2025 (except as noted).
- ^{7/} In Fiscal Year 2024, we competed with other teams for the few resources available in the Bureau of Information Services (BIS). As a result, we were unable to meet our goal in FY 2024, and attention to new online services slowed. We continue to meet with BIS every week to discuss the backlog they are experiencing and to set new priorities. We reassessed our goals for FY 2025 and 2026 to relieve the demand we are placing on BIS..
- ^{8/} The payment accuracy rate is the percentage of dollars paid correctly as a result of adjudication actions performed.
- ^{9/} Fiscal year 2024 actual results represent status as of December 31, 2023.
- ^{10/} The RRA program is in a three-year risk assessment cycle and operates under Phase 1 guidelines of OMB Circular A-123, Appendix C. We conducted risk assessments in FY 2020 and FY 2023, and our results concluded that the RRA program consistently remains below the thresholds for significant improper payments under the Payment Integrity Information Act (PIIA) of 2019. The next scheduled risk assessment is in FY 2026.
- ^{11/} Goals III-B-6 through III-B-12 were first published in the FY 2024 Congressional Justification, which was released during March 2023. These goals were restructured to better represent and measure pending post adjudication workloads and are now included in our Plan as goals III-B-13 through III-B-19. They will be measured beginning in FY 2024. Goals III-B-6 through III-B-12 will not be measured as written, are superseded by goals III-B-13 through III-B-19, and are considered obsolete.
- ^{12/} Fiscal year 2025 actual results represent status as of June 30, 2025.

Discussion of Unmet Performance Goals and Indicators for Fiscal Year 2024

<u>INDICATOR</u>	<u>DISCUSSION OF VARIANCE</u>
Performance Indicator I-A-7: Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces.	The contract award required to support this goal was targeted for late FY24 and was awarded in early FY25. The RRB and contractor are currently working to implement the new public interfaces with the ability to self-update two forms, Change of Address and Change of Direct Deposit.
Performance Indicator 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) Our fiscal year 2024 goal was 70.0%, and the actual was 10.3%.	DBD did not reach its goal of 70% initial filings rated within 100 days due to the reduction of cases with older filing dates. At the start of the fiscal year, nearly 50% of the pending cases had filing dates of 2022 and earlier. Currently, less than 16% of the pending work has filing dates 2022 and earlier. Finalizing more than 800 applications with older filing dates impacted the performance goal. Adjudication of older cases continues to affect the timeliness calculation. Elimination of older filing dates impacts timeliness but increases focus on reducing current filing dates (at start of FY 2025 more than 43% of pending had a 2024 filing date). Finalizing more of these cases will increase the percentage rated within 100 days.
Performance Indicator 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) Our fiscal year 2024 goal was 210 days. The actual average number of days to complete appeals decisions was 303 days.	The Bureau of Hearings & Appeals did not reach its fiscal year 2024 goal of completing appeals decisions within an average of 210 days due to the impact of replacing two experienced hearings officers who had retired. During fiscal year 2024, the two remaining experienced hearings officers diverted time from handling their own appeals in order to assist with ongoing training efforts of newer hires due to a lack of dedicated staff to conduct training. This has negatively impacted the overall average time to complete appeals. When establishing the FY 2024 budgeted goal, the number of elapsed days was underestimated due to a lack of historical information on the impact of attrition of this magnitude within the bureau. Furthermore, in fiscal year 2024, the RRB saw an increase in new appeal filings over the previous fiscal year.
Performance Indicator II-B-2b: Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act. (Measure: number of services available through electronic media). Our fiscal year 2024 goal was 33 Internet services available, and the actual was 31 Internet services available.	Policy and Systems was unable to meet the projected goal of 33 Internet services available. Due to insufficient information technology resources, two Internet services through ERSNet were placed on hold due to higher agency priority projects.

<u>INDICATOR</u>	<u>DISCUSSION OF VARIANCE</u>
Performance Indicator III-B-1b: Achieve a railroad retirement benefit payment recurring accuracy rate of at least 99% for post payments. (Measure: Percent accuracy rate) Our fiscal year 2024 goal was 99.75%, and the actual was 98.08%	The majority of errors cited in the sample review were processed by newer claims examiners. Newer claims examiners are more likely to make mistakes during the adjudication process. RSBD will continue to provide additional training and review sessions were needed.
Performance Indicator III-B-3: Overall Initial Disability Determination Accuracy. (Measure: % of Case Accuracy) Our fiscal year 2024 goal was 95.00%. and the actual was 91.7%	For the last 6 years, the agency has strived to meet a goal of 95% accuracy in the initial disability workload despite significant and increasing resource challenges; we have not met the 95% goal during that time. However, the current case accuracy rate of 91.7% is close to the prior year's accuracy level (93.1%) and represents substantial improvement over performance from 2019 (~74% accuracy) to 2022 (~81%). We credit our increases in quality over the last five years to our work on performance management and ongoing training efforts.
Performance Indicator III-B-15: Process Social Security Automatic Earnings Reappraisal (AERO) referrals received October 1, 2023, and later within 240 days of receipt. Our fiscal year 2024 goal was 80%, and the actual was 61.0%.	RSBD is extremely short staffed in our retirement post sections. Optimal staffing would be between 35-40 post examiners; we currently have 12 post examiners. Because of the staffing shortage and other large post workloads received this fiscal year, we were unable to meet the goal for Social AERO referrals.
Performance Indicator III-C-6: Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.	The RRB is implementing a solution in fiscal year 2025 for strong multi-factor authentication to address circumstances that cause a variance to the target goal of the indicator.

Program Evaluations

<u>PROGRAMEVALUATION</u>	<u>RESULTS IN FISCAL YEAR 2025</u>
Customer service performance reports	The RRB continuously monitors the timeliness and accuracy of our performance in managing program workloads. These results are reflected in the performance objectives shown in the charts within this Performance section and published on our website at www.RRB.gov
Program Integrity report	Our most recent Program Integrity report was for fiscal year 2024. It showed that program integrity activities resulted in the establishment of about \$16.17 million in recoverables, benefit savings of \$727,023, and 194 cases referred to the Office of Inspector General.

Quality assurance reviews and special studies	RRA and RUIA adjudicative and payment accuracy is measured in diagnostic reviews conducted by quality assurance staff within RRB's Program Evaluation and Management Services (PEMS) component. Initial disability determination accuracy is evaluated by quality assurance staff within PEMS and by an external contractor (Juncture). PEMS also evaluates policies and processes through special studies, as needed. PEMS reports to the Director of Programs.
Occupational disability reviews	Advisory doctors, representing the rail industry (labor and management), are authorized by law to review agency medical decisions. Case review audits were completed in 2000, 2008, and 2018.
Performance budget monitoring	Results of performance budget monitoring are shown in the chart of performance objectives on the preceding pages. Actual performance data are reviewed, validated, and certified prior to inclusion in this report. Validation and certification processes are documented as part of the RRB's management control review process.
Payment Integrity evaluation	See "Payment Integrity" in the "Other Information" section.
RRB Office of Inspector General audits	See "Inspector General's Statement on Management and Performance Challenges" and "Management's Comments" in the "Other Information" section.

Automation, e-Government and Customer Service Initiatives

As the RRB continues its commitment to accomplish its top priority – the IT Modernization (or RRB Transformation), during fiscal year 2023, there were several enhancements to existing applications, which are intended to incrementally improve the services provided to the US Railroad Industry.

In FY 2025, we continued adoption of the U.S. General Services Administration's (GSA) Login.gov service for identity proofing and multi-factor authentication at the RRB. The Login.gov service was invaluable during the COVID-19 pandemic, as it allowed claimants to verify their identity online and immediately apply for unemployment benefits, or file claims for unemployment and sickness benefits, without calling, mailing forms, or visiting offices. Login.gov seamlessly scaled up to accommodate increased traffic and usage due to the pandemic and extended periods of unemployment, to meet the needs of claimants entitled to benefits under the Railroad Unemployment Insurance Act (RUIA), the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES), the Continued Assistance to Railway Workers Act of 2020 (CARWA), and the American Rescue Plan Act of 2021 (ARPA). All secure, future self-service offerings at myRRB will require a Login.gov account.

SPEED is an automation initiative designed to process post-entitlement annuity adjustments in both retirement and survivor cases that result from excess earnings and work deductions. SPEED allows the RRB to adjust annuity payments for earnings on a timely basis, which minimizes any underpayments or overpayments that may result from changes in earnings. SPEED is being built in a multi-phase approach. However, the agency's re-platforming and engineering projects starting in fiscal year 2020 and fiscal year 2021 have an impact on the SPEED project. In consideration of those two higher priorities, in May 2020, we determined a tentative priority ranking of deliverables for SPEED after the projects are completed. As such, we have deferred the SPEED enhancements until completion of those higher priority projects.

Sequestration of RUIA Benefits

Under provisions of the Budget Control Act of 2011 (BCA), across-the-board cuts in Federal spending took effect March 1, 2013. While railroad retirement, survivor and disability payments are not affected by this measure, unemployment and sickness insurance benefits payable under the RUIA are impacted. Benefits payable October 1, 2019, through September 30, 2020, were reduced by 5.9 percent. The reduction was required by the sequestration order issued by the President in accordance with the BCA. For fiscal year 2021, a sequestration reduction of 5.7 percent was applied starting on October 1, 2020, through January 2, 2021. For fiscal year 2022, due to the pandemic, the sequestration order was temporarily lifted under the Continued Assistance to Railway Workers Act of 2020 for days beginning January 3, 2021, through May 9, 2023. The sequestration reduction of 5.7 percent was reinstated on May 10, 2023. This reinstatement was reversed when the Railroad Employee Equity and Fairness (REEF) Act (part of the Servicemember Quality of Life Improvement and National Defense Authorization Act) permanently eliminated the sequestration of RUIA benefits, retroactive to May 10, 2023.

Removal of Public Service Pension and Non-Covered Service Pension Deductions on January 5, 2025, the Social Security Fairness Act (SSFA) was signed into law. SSFA ends the reduction of Tier I retirement benefits paid to rail employees, spouses or surviving spouses (including divorced and remarried) who qualify for both a railroad retirement annuity and a Federal, State or Local government pension. This means that both the non-covered service pension (NCSP) reduction will no longer apply and the two-thirds reduction for a public service pension (PSP) will no longer apply to Tier I. Individuals who were previously affected by these reductions (NCSP and PSP) will retroactively have their full Tier I benefit amount restored for months after December 2023, the effective date of the repeal, and for future monthly benefit payments. During FY 2025, we revised programs to remove the NCSP and PSP deductions and mechanically adjusted RRA monthly annuity rates and paid a retroactive accrual. Cases that require manual handling will be adjusted during FY 2025.

Strategic Management of Human Capital

The RRB continues to evaluate its workforce strategies to include accounting for succession planning efforts into its management of human capital. Over 30 percent of our employees have 20 or more years of service and 23 percent of the current workforce will be eligible for retirement by end of fiscal year 2025. The Bureau of Human Resources has shifted to a strategic approach in managing its human capital through such efforts as workforce and succession planning, workforce restructuring to ensure alignment with its mission and where necessary, revision of employee performance standards to ensure efficient and effective accomplishment of RRB operations. The RRB's Human Resources office continues to automate and streamline personnel policies and procedures and educate, develop, and train RRB employees and supervisors both in technical and soft skills in alignment with the RRB's mission, values and goals. The RRB continues to strategically align our most important human resources with the RRB's mission and best human capital management practices within the Federal government.

Although the RRB has been in a hiring freeze since April 2024 given budgetary constraints, the Workforce Organization Management section (WOMS) continues to refine recruitment programs to ensure alignment with the Executive branch of federal government guidance and principles. This includes aligning recruitment strategies and efforts using a variety of recruitment methodologies, including targeted hiring programs, developed and enhanced assessment tools, and other hiring authorities for the RRB's more difficult positions to fill.

The Benefits, Employee & Labor Relations section (BEL) 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 BEL section has taken on the task of updating a number of Human Resources policies and negotiating those policies, where appropriate, with the RRB's union. This includes creating new policies and updating outdated policies on Performance Management, Leave Administration, 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 the RRB's shifting culture, encompass the importance of employee engagement and empowerment, 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 employee surveys to create the RRB's training strategies and develop training (whether it be virtual or in-person). The Training and Development section also utilizes available technology, low-cost training options and 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. The RRB continues to update and automate training modules available to all RRB employees, from entry-level and mission critical claims and benefit training to leadership classes, to ensure a successful training environment for RRB employees and the successful accomplishment of the RRB's mission.

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 IT 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.

FINANCIAL SECTION

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**RAILROAD RETIREMENT BOARD
BALANCE SHEET
AS OF SEPTEMBER 30, 2025
(in thousands)**

	<u>FY 2025</u>
ASSETS	
Intragovernmental assets:	
Fund Balance with Treasury (Note 3)	\$329,175
Investments, net (Note 4)	2,087,585
Accounts Receivable, net (Note 5)	6,211,497
Advances and Prepayments	1,793
Total Intragovernmental assets	<u>\$8,630,050</u>
Other than intragovernmental assets:	
Accounts Receivable, net (Note 5)	71,382
Property, Plant and Equipment, net (Note 6)	4,959
Other Assets	3
Total other than intragovernmental assets	<u>76,344</u>
TOTAL ASSETS	<u>\$8,706,394</u>
LIABILITIES	
Intragovernmental liabilities:	
Accounts Payable	\$759,574
Debt (Note 7)	4,823,056
Other Liabilities (Note 8)	3,022
Total Intragovernmental liabilities	<u>5,585,652</u>
Other than intragovernmental liabilities:	
Accounts Payable	7,597
Federal Employee Salary, Leave and Benefits Payable	9,999
Benefits Due and Payable	1,303,143
Other Liabilities (Note 8)	147,978
Total other than intragovernmental liabilities	<u>1,468,717</u>
TOTAL LIABILITIES	<u>\$7,054,369</u>
COMMITMENTS AND CONTINGENCIES (Note 9)	
NET POSITION	
Unexpended Appropriations:	
Funds from Dedicated Collections (Note 10)	\$707
Funds from other than Dedicated Collections	276,584
Total Unexpended Appropriations (Consolidated)	<u>277,291</u>
Cumulative Results of Operations:	
Funds from Dedicated Collections (Note 10)	1,369,129
Funds from other than Dedicated Collections	5,605
Total Cumulative Results of Operations (Consolidated)	<u>1,374,734</u>
TOTAL NET POSITION	<u>1,652,025</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$8,706,394</u>

The accompanying notes are an integral part of the financial statements.

**RAILROAD RETIREMENT BOARD
STATEMENT OF NET COST
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(in thousands)**

	<u>FY 2025</u>
Gross Program Cost	
Railroad Retirement Program	
Gross Cost	\$14,962,528
Less Earned Revenue	<u>(13,090)</u>
Net Program Cost	<u>14,949,438</u>
 Railroad Unemployment and Sickness Insurance Program	
Gross Cost	121,202
Less Earned Revenue	<u>(15,116)</u>
Net Program Cost	<u>106,086</u>
 Cost Not Assigned to Programs	0
Less Earned Revenue Not Attributable to Programs	<u>(91)</u>
Net Cost of Operations	<u><u>\$15,055,433</u></u>

The accompanying notes are an integral part of these financial statements.

RAILROAD RETIREMENT BOARD
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(in thousands)

FY 2025

	Funds from Dedicated Collections (Consolidated Totals) (Note 10)	Funds from Other than Dedicated Collections (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
Beginning Balance	\$698	\$273,149	\$0	\$273,847
Appropriations Received	863,446	8,000	0	871,446
Other Adjustments	(141)	(1,669)	0	(1,810)
Appropriations Used	(863,296)	(2,896)	0	(866,192)
Net Change in Unexpended Appropriations	9	3,435	0	3,444
Total Unexpended Appropriations	\$707	\$276,584	\$0	\$277,291
Cumulative Results of Operations:				
Beginning Balance	\$1,466,734	\$5,605	\$0	\$1,472,339
Appropriations Used	863,296	2,896	0	866,192
Non-Exchange Revenue (Note 22)	7,350,802	146	0	7,350,948
Transfers in from NRRIT (Note 24)	1,367,000	0	0	1,367,000
Transfers In/Out Without Reimbursement	5,382,732	0	0	5,382,732
Imputed Financing	12,755	0	0	12,755
Gain/(Loss) contingency	(21,799)	0	0	(21,799)
Net Cost of Operations	(15,052,391)	(3,042)	0	(15,055,433)
Net Change in Cumulative Results of Operations	(97,605)	0	0	(97,605)
Total Cumulative Results of Operations	1,369,129	5,605	0	1,374,734
Net Position	\$1,369,836	\$282,189	\$0	\$1,652,025

The accompanying notes are an integral part of these financial statements.

**RAILROAD RETIREMENT BOARD
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(in thousands)**

	<u>FY 2025</u>
Budgetary Resources	
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 11)	\$324,819
Appropriations (discretionary and mandatory)	10,667,557
Borrowing authority (discretionary and mandatory) (Note 13)	5,215,600
Spending authority from offsetting collections (discretionary and mandatory)	188,992
Total budgetary resources	<u><u>\$16,396,968</u></u>
 Status of budgetary resources	
New obligations and upward adjustments (total)	\$16,098,894
Unobligated balance, end of year	
Apportioned, unexpired accounts	16,436
Exempt from Apportionment, Unexpired Accounts	225,845
Unapportioned, unexpired accounts	156
Unexpired unobligated balance, end of year	<u>242,437</u>
Expired unobligated balance, end of year	<u>55,637</u>
Unobligated balance, end of year (total)	<u>298,074</u>
Total budgetary resources	<u><u>\$16,396,968</u></u>
 Outlays, net	
Outlays, net (total) (discretionary and mandatory)	\$15,878,132
Distributed offsetting receipts (-)	<u>(6,304,423)</u>
Agency outlays, net (discretionary and mandatory)	<u><u>\$9,573,709</u></u>

The accompanying notes are an integral part of the financial statements.

Railroad Retirement Board
Statement of Social Insurance (Note 14, Note 16)

Actuarial Surplus or (Deficiency)

75-year Projection as of October 1, 2024

(Present values in billions of dollars)

	10/1/2024	10/1/2023	10/1/2022	10/1/2021	10/1/2020
Current participants who have attained retirement age:					
Contributions and earmarked taxes	\$102.2	\$100.8	\$105.1	\$104.5	\$94.1
Expenditures for scheduled future benefits	150.9	149.7	157.2	157.5	144.8
Present Value of future revenue less future expenditures	(48.7)	(48.9)	(52.1)	(52.9)	(50.7)
Current participants not yet having attained retirement age:					
Contributions and earmarked taxes	103.9	100.7	105.4	93.9	95.5
Expenditures for scheduled future benefits	112.7	109.6	116.2	103.8	103.3
Present Value of future revenue less future expenditures	(8.8)	(8.9)	(10.7)	(9.9)	(7.8)
Present value of future revenue less future expenditures for current participants	(57.5)	(57.8)	(62.9)	(62.8)	(58.6)
Plus: Asset Experience Gain/(Loss) for following quarter ending 12/31	(0.6)	1.2	1.4	0.8	2.1
Net present value for current participants (closed group measure)	(58.1)	(56.7)	(61.5)	(62.0)	(56.5)
Plus: Treasury securities and assets held by the program	29.6	26.5	24.9	30.5	26.2
Closed group surplus/(unfunded obligation)	(\$28.5)	(\$30.1)	(\$36.6)	(\$31.5)	(\$30.3)
Future participants:					
Contributions and earmarked taxes	\$73.6	\$75.9	\$82.5	\$70.2	\$68.4
Expenditures for scheduled future benefits	43.0	43.7	44.5	37.3	36.7
Present Value of future revenue less future expenditures	30.7	32.2	38.0	32.9	31.7
Present value of future revenue less future expenditures for current and future participants	(26.8)	(25.6)	(24.9)	(30.0)	(26.8)
Plus: Asset Experience Gain/(Loss) for following quarter ending 12/31	(0.6)	1.2	1.4	0.8	2.1
Net present value for current and future participants (open group measure)	(27.5)	(24.4)	(23.5)	(29.1)	(24.7)
Plus: Treasury securities and assets held by the program	29.6	26.5	24.9	30.5	26.2
Open group surplus/(unfunded obligation)	\$2.1	\$2.1	\$1.4	\$1.4	\$1.4

Detail may not add to totals due to rounding.

The accompanying notes are an integral part of these financial statements.

Railroad Retirement Board

Statement of Changes in Social Insurance Amounts

Open Group Measure

For the Two-Year Period Ended September 30, 2024

(dollars in billions)

Net Present Value beginning of year 2023	\$ (23.5)
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Reasons for changes in the NPV during 2023:

Changes in valuation period	(0.6)
Changes in demographic data, assumptions, and methods	0.9
Changes in economic data, assumptions, and methods	(1.2)
Changes in law or policy	NA
Changes in methodology and programmatic data	NA
Changes in Medicare healthcare and other healthcare assumptions	NA
Other changes	NA

Net change during 2023	(0.9)
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Net Present Value end of year 2023/beginning of year 2024	\$ (24.4)
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Reasons for changes in the NPV during 2024:

Changes in valuation period	(1.2)
Changes in demographic data, assumptions, and methods	(0.1)
Changes in economic data, assumptions, and methods	(1.7)
Changes in law or policy	-
Changes in methodology and programmatic data	NA
Changes in Medicare healthcare and other healthcare assumptions	NA
Other changes	NA

Net change during 2024	(3.0)
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Net Present Value end of year 2024	\$ (27.5)
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Detail may not add to totals due to rounding.

Net Present Values in the table above are present values of future revenues, adjusted for asset experience during the quarter ending 12/31, less future expenditures.

The accompanying notes are an integral part of these financial statements.
Please see note 18 for more information on each of the changes above.

Notes to the Financial Statements: Fiscal Year Ended September 30, 2025

1. Summary of Significant Accounting Policies

Basis of Presentation

Public Law 107-289, the Accountability of Tax Dollars Act of 2002, added the RRB as an agency required to prepare audited financial statements for fiscal year 2003, and subsequent years. OMB guidance requires that Performance and Accountability Reports for fiscal year 2025 are to be submitted to the President, the Congress, and the Director of OMB by December 18, 2025. As required by law, OMB has also prescribed the form and content of financial statements under OMB Circular A-136. The RRB's financial statements were prepared in accordance with the form and content prescribed by OMB and with Generally Accepted Accounting Principles and standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The principal statements are comprised of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, Statements of Social Insurance, and Statements of Changes in Social Insurance Amounts.

The SOSI computations are based on prior year Railroad Retirement system accounts.

The RRB is considered a significant component reporting entity that is consolidated in the government-wide financial statements.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Reporting Entity

The railroad retirement and the railroad unemployment and sickness insurance programs are financed through the following accounts:

- Railroad Retirement Account, 60X8011, funds retirement, survivor, and disability benefits in excess of social security equivalent benefits from payroll taxes on employers and employees and other income sources. Account 60X8011 is considered a fund from dedicated collections. Our authority to use these collections is 45 U.S.C. § 231f(c) (1).
- Social Security Equivalent Benefit Account, 60X8010, funds the portion of railroad retirement benefits equivalent to a social security benefit from various income sources related to these benefits. Account 60X8010 is considered a fund from dedicated collections. Our authority to use these collections is 45 U.S.C. § 231n-1(c) (1).
- Dual Benefits Payments Account, 60 0111, funds the phase-out costs of certain vested dual benefits from general appropriations. Account 60 0111 is considered a general fund. Our authority to use these collections is 45 U.S.C. § 231n (d).
- Federal Payments to the Railroad Retirement Accounts, 60 0113, a two-year fund, is used as payment for interest on uncashed checks appropriated in fiscal year 2021, by P. L. 115-245, Further Consolidated Appropriations Act, 2020. Account 60 0113 is considered a fund from dedicated collections

- Federal Payments to the Railroad Retirement Accounts, 60X0113, was established by OMB, not by legislation, and is used as a conduit for transferring certain income taxes on benefits; and funds provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Account 60X0113 is considered a fund from dedicated collections. This account has no basis in law.
- Limitation on Administration Account (LOA), 60 8237, pays salaries and expenses to administer the railroad retirement program and the railroad unemployment and sickness insurance program. This account is financed by the RR Account, the SSEB Account, and the Railroad Unemployment Insurance Trust Fund, Administrative Expenses. Account 60 8237 is considered a fund from dedicated collections. Our authority to use these collections is 45 U.S.C. § 231n-1(c) and 45 U.S.C. § 231n (h).
- Limitation on Administration Account, 60X8237, Public Law 107-217, Sec. 121(d)(3), authorizes Federal agencies to retain indefinitely as “no-year money” any unexpended portion of the fiscal year appropriated funds, up to the estimated cost of the operation and maintenance of the delegated properties. Funds carried over may only be expended for operation and maintenance and repair of the facility. In addition, this fund contains the Limitation on Administration funds for extended unemployment benefits provided under Public Laws 111-92, 112-96, and 112-240. Account 60X8237 is considered a fund from dedicated collections. Based on Public Law 118-5, there was a capital transfer on this Account in Fiscal Year 2023.
- Under ARPA of 2021, LOA 60X8237 received appropriations for hiring and IT from pass through account 60210121. This portion of funding for LOA 60X8237 is considered a fund other than a fund from dedicated collections.
- Railroad Unemployment Insurance Trust Fund, Benefit Payments, 60X8051.001, funds railroad unemployment and sickness insurance benefits from contributions by railroad employers. Account 60X8051.001 is considered a fund from dedicated collections. Our authority to use these collections is 45 U.S.C. § 360.
- Railroad Unemployment Insurance Trust Fund, Administrative Expenses, 60X8051.002, was established to pay salaries and expenses to administer the program. Account 60X8051.002 is considered a fund from dedicated collections. This fund is financed by contributions from railroad employers. Monies are transferred from this fund, based on cost accounting estimates and records, to the Limitation on Administration Account (60 8237) from which salaries and expenses are paid for both the railroad retirement program and the railroad unemployment and sickness insurance program. Our authority to use these collections is 45 U.S.C. § 361.
- Limitation on the Office of Inspector General, 60 8018, was established to fund the administration of the Inspector General's Office. Account 60 8018 is considered a fund from dedicated collections. Our authority to use these collections is Public Law 119-4, Full-Year Continuing Appropriations and Extensions Act of 2025.
- Under ARPA of 2021, Limitation on the Office of Inspector General 60X8018 received appropriations for audit, investigatory and review activities from pass through account 60210124. This portion of funding for LOA 60X8018 is considered a fund other than a fund from dedicated collections.
- Railroad Unemployment Insurance Extended Benefit Payments – Recovery Act,

60X0114: Funds provided under Public Law 111-5, American Recovery and Reinvestment Act of 2009. Based on Public Law 118-5, there was a rescission on this Account in Fiscal Year 2023.

- Railroad Unemployment Insurance Extended Benefit Payments, for Limitation Account – 60X0118: Funds provided under Public Law 111-92, Worker, Homeownership, and Business Assistance Act of 2009, and Public Law 112-96, Middle Class Tax Relief and Job Creation Act of 2012, and Public Law 112-240, American Taxpayer Relief Act of 2012.
- Railroad Unemployment Insurance Extended Benefit Payments – 60X0117: Funds provided under Public Law 111-92, Worker, Homeownership, and Business Assistance Act of 2009. Per Division A of the CARES Act, section 2114 amends the extended benefits that was originally created by ARRA to use of existing appropriation of \$133 million. Under ARPA of 2021, additional appropriation was provided to cover the cost of additional extended unemployment benefits to remain available until expended. Based on Public Law 118-5, there was a rescission on this Account in Fiscal Year 2023.
- Railroad Unemployment Insurance Waiver of 7 Day Period – 6020/210123: General fund appropriation provided by Division A of the CARES Act, section 2112.
- Railroad Unemployment Insurance Enhanced Benefit Payments – 60X0122: General fund appropriation provided by Division A of the CARES Act, section 2113.
- Payment to Limitation on Administration – 6020/210121: General fund provided by the CARES Act as a pass thru to LOA 6020/218237.
- Payment to Limitation on Administration – 6021/210121: General fund provided by the ARPA of 2021 as a pass thru to LOA 60X8237 (hiring and IT)
- Payment to Limitation on Administration – 6021/210124: General fund provided by the ARPA of 2021 as a pass thru to LOA 60X8018 for audit, investigatory and review activities.
- Limitation on Administration – 6020/218237: General fund passed thru from 6020/210121 under CARES Act

Accounting Policies

As required by law, the Dual Benefits Payment Account is on a cash basis of accounting. Payroll taxes and unemployment contributions are recorded on a modified cash basis in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) No. 7. All other transactions are recorded on an accrual basis of accounting and on a budgetary basis. Under the accrual method, revenues (except payroll taxes and unemployment contributions which are on a modified cash basis) are recognized when earned and expenses are recognized when a liability is incurred.

For budgetary accounting, financial transactions are recorded when obligations are incurred, regardless of when the resources acquired are to be consumed.

The accompanying consolidated financial statements of the RRB include all funds maintained by the RRB, after elimination of all significant inter-fund balances and transactions.

Fund Balance with Treasury

The Fund Balance with Treasury (FBWT) is the aggregate amount of funds on deposit with the Department of the Treasury, excluding seized cash deposited. The FBWT is increased by (1) receiving appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations; and (2) receiving transfers and reimbursements from other agencies. It also is increased by amounts borrowed from the Bureau of the Fiscal Service, the Federal Financing Bank, or other entities, and amounts collected and credited to appropriation or fund accounts. The FBWT is reduced by (1) disbursements made to pay liabilities or to purchase assets, goods, and services; (2) investments in U.S. securities (securities issued by the Bureau of the Fiscal Service or other Federal Government agencies); (3) cancellation of expired appropriations; (4) transfers and reimbursements to other entities or to the General Fund of the Treasury; and (5) sequestration or rescission of appropriations.

Funds from Dedicated Collections

SFFAS No. 43, Funds from Dedicated Collections, amends SFFAS No. 27, Identifying and Reporting Earmarked Funds. Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the government by non-Federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. Funds from Dedicated Collections should be shown as a separate presentation and disclosure in the financial statements. The three required criteria for funds from dedicated collections are:

- A statute committing the Federal Government to use specifically identified revenues and/or other financing sources that are originally provided to the Federal Government by a non-Federal source only for designated activities, benefits, or purposes.
- Explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
- A requirement to account for and report on the receipt, use, and retention of the revenues and/or other financing sources that distinguish the fund from the Federal Government's general revenues.

Refer to Note 10, Funds from Dedicated Collections.

Budgetary Concepts

Budget requests are prepared and submitted by the RRB in accordance with OMB Circular A-11 and other specific guidance issued by OMB. The RRB prepares and submits to OMB Apportionment and Reapportionment Requests (SF-132) in accordance with OMB Circular A-11 for all funds appropriated by the Congress or permanently appropriated. Although OMB may apportion funds by category, time period, or object class of expense, the RRB controls and allocates all apportioned funds by three-digit object class codes of expense. For budgetary accounting, all receipts are recorded on a cash basis of accounting and obligations are recorded against the object class codes when they are incurred, regardless of when the resources acquired are to be consumed. Obligations are amounts of orders placed, contracts awarded, services received, and similar transactions during a given period that will require

payments during the same or a future period. The RRB prepares and submits Reports on Budget Execution (SF-133) to OMB, reporting all obligations incurred against the amounts apportioned.

Starting in Fiscal Year 2025, OMB approved a request from RRB to exempt several funds from apportionment. Pursuant to 31 U.S.C. 1516 and OMB's Circular A-11 (August 2023), Section 120.5, OMB may exempt certain appropriations from apportionment in limited instances.

The following account is exempt because it contains budgetary resources that are only available for transfer to other FAFSS:

- 60-0113 I X Federal Payments to the Railroad Retirement Accounts

The following accounts are exempt because they contain funds appropriated specifically to make payments required to be made to a designated payee in the total amount provided by law or because they contain budgetary resources that are only available for transfer to other TAFSS used to make such payments:

- 60-0117 / X Railroad Unemployment Insurance Extended Benefit Payments
- 60-0114 / X Railroad Unemployment Insurance Extended Benefit Payments, Recovery Act
- 60-0112 / X Railroad Unemployment Insurance Enhanced Benefit Payments
- 60-8051-01I X Railroad Unemployment Insurance Enhanced Trust Fund
- 60-8011 / X Railroad Pension Fund
- 60-8010 / X Railroad Social Security Equivalent Benefit Account (*with the exception of Financial Interchange interest*)

Changes in Entity or Financial Reporting

Effective for fiscal year 2025, the National Railroad Reinvestment Trust (NRRIT) is classified as a standalone significant entity for inclusion in the annual Financial Report of the United States Government and is no longer a consolidation entity under the RRB's component entity financial statements.

SOSI Reporting

The financial statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on conditions that may change in the future. The actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions on the related information.

2. Related Parties

The RRB has significant transactions with the following governmental and non-governmental entities:

- Treasury collects payroll taxes from the railroads on behalf of the RRB. The tax collected are credited by Treasury to the RRB's trust fund account via an appropriation warrant. In fiscal year 2025, net payroll taxes transferred to the RRB by Treasury were \$7.2 billion.

Treasury provides payment services to Federal agencies and operates collections and deposit systems. The RRB invests in government account securities through the Bureau of the Fiscal Service. In fiscal year 2025, investments, including accrued interest, totaled \$2.1 billion. In addition, Treasury advances funds to the RRB for the financial interchange which are repaid annually. The amount paid by the RRB to Treasury in fiscal year 2025 due to the financial interchange advances during fiscal year 2024 included principal of \$5.1 billion and interest of \$185 million.

- SSA and RRB participate in an annual financial interchange. The financial interchange is intended to place the social security trust funds in the same position in which they would have been had railroad employment been covered by the Social Security Act and Federal Insurance Contributions Act. In fiscal year 2025, the RRB trust funds realized \$6.0 billion through the financial interchange.

Under Section 7(b) (2) of the Railroad Retirement Act of 1974, the RRB is required to pay certain individuals, described in this section, monthly social security benefits on behalf of SSA. SSA reimburses the RRB for benefits paid on behalf of SSA. The amount reimbursed was \$2.7 billion for fiscal year 2025.

- CMS participates in the annual financial interchange in the same manner as described for SSA. The RRB transferred \$716 million to CMS in fiscal year 2025.

In addition to the financial interchange transactions, CMS reimburses the RRB for certain expenses it incurs associated with administering the Medicare program. The amount reimbursed in fiscal year 2025 was \$13.4 million. The fiscal year 2025 amount does not include the funds received for purposes of the Specialty Medicare Administrative Contractor (SMAC) contract which are recorded as a transfer and is described below.

Finally, CMS funds are transferred to the RRB for the SMAC contract that provides specified health insurance benefit administration services.

- GSA provides payroll processing and human resources services to the RRB. In addition, the RRB paid rent to GSA in the amount of \$2.8 million for fiscal year 2025.
- The Department of Labor invests RUIA contributions. Accounts receivable with the Department of Labor amounted to \$374 million for fiscal year 2025.

Note Disclosures Related to the Balance Sheet

3. Fund Balance with Treasury

Fund balances with Treasury as of September 30 consisted of:

(in thousands)	2025
Status of Fund Balance with Treasury	
Unobligated Balance	\$16,592
Obligated Balance not yet Disbursed	312,583
Non-Budgetary Fund Balance with Treasury	0
Total Fund Balance with Treasury	\$329,175

4. Investments, Net

The investments in Treasury securities represent the investments of two of the RRB's funds from dedicated collections, the RR and the SSEB Accounts.

Intragovernmental Investments as of September 30, 2025			
	Amounts for Balance Sheet Reporting (in thousands)		
	Cost	Interest Receivable	Net Investments
Intragovernmental Investments:			
Non-Marketable Par Value 2025	\$2,083,919	\$3,666	\$2,087,585
Total Intragovernmental Investments	\$2,083,919	\$3,666	\$2,087,585

The balance on September 30, 2025, consisted of investments in 3.750 percent par value specials (with market value equal to face value) maturing on October 1, 2025. Par value specials mature on the first working day of the month following the month of issue and have a yield based on the average yield of marketable Treasury notes with maturity dates at least 3 years away.

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with the RR and SSEB Accounts. The cash receipts from the railroads for the RR and SSEB Accounts are deposited in the Treasury, which uses the cash for general government purposes. Treasury securities are issued to the RRB as evidence of its receipts. Treasury securities are an asset to the RRB and a liability to the Treasury. Because the RRB and the Treasury are both parts of the Federal Government, these assets and liabilities offset each other from the standpoint of the government, as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements.

Treasury securities provide the RRB with authority to draw upon the Treasury to make future benefit payments or other expenditures. When the RRB requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt,

or by curtailing other expenditures. This is the same way that the Federal Government finances all other expenditures.

5. Accounts Receivable

- *Intragovernmental*

Accounts receivable - Intragovernmental as of September 30 consisted of:

(in thousands)	2025
Financial Interchange – Principal	\$5,785,000
Financial Interchange – Interest	52,500
Department of Labor	373,997
Total	\$6,211,497

- *Accounts Receivable, Net*

Accounts receivable, net as of September 30 consisted of:

(in thousands)	2025
Accounts receivable – Benefit overpayments	\$70,047
Accounts receivable – Past due RUI contributions and taxes	1,727
Accounts receivable – Interest, penalty & administrative costs	9,616
Accounts receivable - Criminal Restitution	7,228
Sub-Total	\$88,618
Accounts receivable - Criminal Restitution - Long Island Railroad	2,262
Total Gross Receivables	\$90,880
Less: Allowances for doubtful accounts	(17,198)
Less: Allowances for doubtful accounts-Criminal Restitution	(1,735)
Less: Allowances for doubtful accounts-Criminal Restitution - Long Island Railroad	(565)
Total Net Receivables	\$71,382

The allowance for doubtful accounts for the railroad retirement program excluding the criminal restitution receivables was calculated by averaging the percentages determined from the past five fiscal years of amounts due to the RRB that would probably not be collected and applying those percentages against accounts receivable.

The allowance for doubtful accounts for the criminal restitution and criminal restitution-Long Island Railroad related to benefit overpayments for fiscal year 2025 is estimated using the percentages calculated for the railroad retirement programs rounded to the nearest whole number.

6. Property, Plant, and Equipment, Net

Property, Plant, and Equipment, Net are stated at cost less accumulated depreciation/amortization. Beginning with fiscal year 2014, acquisitions are capitalized if the cost is \$50,000 or more and the service life is 2 years or greater. Depreciation/amortization is computed on the straight-line method. These assets consisted of:

(in thousands)		As of September 30, 2025		
Classes of Fixed Assets	Service Lives	Cost	Accumulated Depreciation	Net Book Value
Structures, facilities, and leasehold improvements	15 years	\$3,141	\$2,791	\$350
IT software	5 years	28,854	28,854	0
Equipment	5-10 years	7,682	7,104	578
Internal-Use Software in Development		4,031	0	4,031
Total		\$43,708	\$38,749	\$4,959

The table below discloses activity for General Property, Plant, and Equipment, Net as of September 30, 2025:

Reconciliation: Property, Plant, and Equipment, Net	
(in thousands)	2025
Balance Beginning of Year, Unadjusted	\$4,342
Balance Beginning of Year, Adjusted	\$4,342
Capitalized Acquisitions	745
Depreciation Expense	(128)
Balance End of Year	\$4,959

7. Liabilities

Liabilities as of September 30 consisted of:

- *Total Liabilities Not Covered by Budgetary Resources*

<i>(in thousands)</i>	2025
Intragovernmental Liabilities	
(1) Other	\$335
Total Intragovernmental Liabilities	\$335
Other than Intragovernmental Liabilities:	
(1) Accounts Payable	556
(2) Federal employee and veteran benefits payable	7,550
Total Other than Intragovernmental Liabilities	\$8,106
Total Liabilities Not Covered by Budgetary Resources	\$8,441
Total Liabilities Covered by Budgetary Resources	7,038,841
Total Liabilities Not Requiring Budgetary Resources	7,087
Total Liabilities	\$7,054,369

- *Federal Debt and Interest Payable*

Intragovernmental debt results from borrowing from Treasury to fund benefit payments from the SSEB Account.

<i>(in thousands)</i>	2025
Beginning Balance, Principal	\$4,604,700
New Borrowing	5,215,600
Repayments	(5,072,500)
Ending Balance, Principal	\$4,747,800
Accrued Interest	75,256
Total	\$4,823,056

- *Benefits Due and Payable*

Benefits due and payable are accrued for all benefits to which recipients are entitled for the month of September, which, by statute, are not paid until October. Also, liabilities are accrued on benefits for past periods that have not completed processing, such as benefit payments due but not paid. The amounts (in thousands) include uncashed checks of \$21,298 as of September 30,

2025. Under Public Law 100-86, the amount of RRB benefits represented by checks which remain uncashed for 12 months after the check issue date are credited (including interest thereon) to the accounts from which the checks were drawn. The principal amount of uncashed checks must remain in a liability account until the RRB determines that entitlement no longer exists, or another check is issued to the beneficiary.

A special workload of approximately 10,511 benefit cases, estimated at \$5.2 million, has been identified and will be processed over the next few years.

8. Other Liabilities

Other liabilities as of September 30, 2025, consisted of:

Other Liabilities <i>(in thousands)</i>	2025
Intragovernmental Other Liabilities	
(1) Employer Contributions & Payroll Taxes Payable	\$1,662
(2) Unfunded FECA Liabilities	335
(3) Other	1,025
(4) Custodial Liabilities	0
Total Intragovernmental Other Liabilities	\$3,022
Other than Intragovernmental Other Liabilities	
(1) Contingent Liabilities (see Note 9 for details)	112,779
(2) Other Liabilities with Budgetary Obligations	0
(3) Accrued Payroll	0
(4) Withholdings Payable	(17)
(5) Other	35,216
Total Other than Intragovernmental Liabilities	\$147,978
Total Other Liabilities	\$151,000

9. Commitments and Contingencies

The RRB is involved in the following actions:

Legal Contingencies:

- Several Class I railroads have filed claims for a refund of taxes with the Internal Revenue Service (IRS). Of the \$24.8 million in claims, the RRB's legal counsel has determined that it is probable that the RR and SSEB Accounts are contingently liable for \$24.8 million. Under the anti-disclosure provision of the IRS code, we are not permitted to disclose any details related to these claims. No provision has been made in the accompanying financial statements regarding the reasonably possible claims other than this disclosure. Details may not add to totals due to rounding.

Other Contingencies: We also recorded a contingent liability in the amount of \$88 million, for forthcoming adjustments to the financial interchange for military service credits due SSA.

Commitments: As of September 30, 2025, the RRB had contractual arrangements which may result in future financial obligations of \$178.8 million.

Contingent Loss Table (in thousands)

FY 2025	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Legal Contingencies:			
Probable	\$24,779	\$24,779	\$24,779
Reasonably Possible	\$0	\$0	\$0
Other Contingencies:			
Probable	\$88,000	\$88,000	\$88,000
Reasonably Possible	\$0	\$0	\$0

10. Funds from Dedicated Collections

Treasury securities reflect a government commitment to the program and allow the program to continue to provide benefits required by law. When the benefits are paid, the way the Government finances the benefits is similar to the way it finances other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit). Funds from dedicated collections are discussed in additional detail in Note 1.B to the financial statements.

Note 10 Funds from Dedicated Collections* (in thousands)

	0010 SSRB	0011 RRA	0051 001 RUA Benefit Payments	0113 Federal Payments to RR Accounts	9237 Limitation on Administration	0051 002 RUA Admin Expenses	0019 Limitation on OIG	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collections	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet as of September 30, 2025										
Intragovernmental assets										
Fund Balance with Treasury	(23,697)	(14,008)	15,142	866	62,560	3,301	10,714	54,988	0	54,988
Investments, net	1,120,702	966,863	0	0	0	0	0	2,087,565	0	2,087,565
Accounts receivable, net	5,937,500	366,691	0	0	0	7,106	0	6,211,561	(7)	6,211,497
Advances to grantees	0	0	0	0	22	0	14,370	14,392	0	14,392
Total intragovernmental assets	6,934,616	962,875	382,033	866	62,582	10,407	12,191	8,355,958	(7)	8,355,952
Other than intragovernmental assets										
Accounts receivable, net	0	45,490	17,149	0	18	0	0	62,657	0	62,657
Property, plant, and equipment, net	0	0	0	0	4,959	0	0	4,959	0	4,959
Other assets	0	45,490	17,149	0	4,960	0	0	67,619	0	67,619
Total other than intragovernmental	0	90,980	33,298	0	5,978	0	0	74,536	0	74,536
Total assets	6,934,616	996,385	395,182	866	67,962	10,407	12,191	8,423,488	(7)	8,423,481
Intragovernmental liabilities										
Accounts Payable	753,815	920	0	0	4,949	(228)	126	759,582	7	759,575
Debt	4,823,056	0	0	0	0	0	0	4,823,056	0	4,823,056
Other liabilities	0	0	0	0	2,992	0	10	2,992	0	2,992
Total intragovernmental liabilities	5,576,871	920	0	0	7,941	(228)	136	5,585,630	7	5,585,623
Other than intragovernmental liabilities										
Accounts Payable	0	0	0	0	7,498	0	127	7,565	0	7,565
Federal employee salary, leave & benefits payable	0	0	0	0	0	0	0	0	0	0
Benefits Due and Payable	726,476	553,753	20,220	0	9,215	0	814	1,309,454	0	1,309,454
Other liabilities	88,001	59,996	0	0	(19)	0	0	147,978	0	147,978
Total other than intragovernmental	814,477	613,749	20,220	0	15,633	0	941	1,458,022	0	1,458,022
Total liabilities	6,391,348	614,669	20,220	0	24,566	(228)	1,077	7,043,652	7	7,043,645
Unexpended Appropriations	0	0	0	866	(159)	0	0	707	0	707
Cumulative Results of Operations	541,267	385,696	378,963	0	43,455	10,435	11,113	1,369,129	0	1,369,129
Total Liabilities and Net Position	6,934,616	996,385	395,182	866	67,962	10,407	12,191	8,423,488	7	8,423,481
Statement of Net Cost for the Year Ended September 30, 2025										
Gross Program Costs	8,952,120	£,842,279	98,190	0	173,648	0	14,869	15,081,106	(425)	15,080,681
Less: Earned Revenues	(10)	(15,110)	(13,328)	0	(265)	0	425	(28,719)	0	(28,720)
Net Program Costs	8,952,120	£,842,279	85,080	0	173,383	0	14,584	15,052,381	0	15,052,381
Costs not attributable to Program Costs	0	0	0	0	0	0	0	0	0	0
Less: Earned revenues not attributable to Program Costs	0	0	0	0	0	0	0	0	0	0
Net Cost of Operations	8,952,120	£,842,279	85,080	0	173,383	0	14,584	15,052,381	0	15,052,381
Statement of Changes in Net Position for the Year Ended September 30, 2025										
Unexpended Appropriations	0	0	0	857	(159)	0	0	698	0	698
Beginning Balance	0	0	0	0	0	0	0	0	0	0
Corrections of errors (+/-)	0	0	0	0	0	0	0	0	0	0
Beginning Balance, as Adjusted	0	0	0	857	(159)	0	0	698	0	698
Appropriations received	0	0	0	863,446	0	0	0	863,446	0	863,446
Other Adjustments	0	0	0	(141)	0	0	0	(141)	0	(141)
Appropriations used	0	0	0	(863,296)	0	0	0	(863,296)	0	(863,296)
Total unexpended appropriations	0	0	0	856	(159)	0	0	707	0	707
Cumulative Results of Operations										
Beginning Balance	685,532	273,372	434,574	0	51,268	10,035	11,953	1,466,734	0	1,466,734
Corrections of errors (+/-)	0	0	0	0	0	0	0	0	0	0
Beginning Balance, as Adjusted	685,532	273,372	434,574	0	51,268	10,035	11,953	1,466,734	0	1,466,734
Appropriations Used	0	0	0	863,296	0	0	0	863,296	0	863,296
Other than intragovernmental non-exchange revenue	0	7,698	3,978	0	0	30,069	0	41,745	0	41,745
Miscellaneous taxes and receipts	0	0	0	0	0	0	0	0	0	0
Total other than intragovernmental non-exchange revenue	0	7,698	3,978	0	0	30,069	0	41,745	0	41,745
Revenues	3,417,187	£,875,781	12,812	0	0	308	0	7,293,957	0	7,293,957
Transfers in From Non-Exchange	0	1,867,000	0	0	0	0	0	1,867,000	0	1,867,000
Transfers in From NEPIT	5,412,469	699,154	10,679	(863,296)	140,818	(29,778)	12,686	5,382,732	0	5,382,732
Imputed financing	0	0	0	0	11,689	0	1,058	12,745	0	12,745
Gain/(Loss) contingency	(21,799)	0	0	0	0	0	0	(21,799)	0	(21,799)
Net Cost of Operations	(8,952,120)	(£,842,279)	(85,080)	0	(173,383)	0	(14,584)	(15,052,381)	0	(15,052,381)
Net Change in Cumulative Results of Operations	(144,265)	110,324	(5,611)	0	(7,812)	699	(640)	(97,605)	0	(97,605)
Total Cumulative Results of Operations	541,267	385,696	378,963	866	43,455	10,034	11,113	1,369,129	0	1,369,129
Net position, end of period	541,267	385,696	378,963	866	43,297	10,634	11,113	1,369,536	0	1,369,536

Note Disclosures Related to the Statement of Budgetary Resources

11. Unobligated Balance from Prior Year Budget Authority

The Unobligated balance from prior year budget authority, net (discretionary and mandatory) of \$324.8 million from prior year budget authority includes the prior year unobligated balance of \$301.3 million plus \$23.5 million current year recoveries of prior year paid/unpaid obligations.

12. Terms of Borrowing Authority Used

The RRB, Social Security Administration, and Centers for Medicare and Medicaid Services are parties to a financing arrangement described as the “financial interchange”.

The financial interchange between the railroad retirement and social security systems is intended to put the Social Security Old-Age, Survivors, and Disability Insurance and Hospital Insurance trust funds in the same position they would have been had railroad employment been covered under the Social Security and Federal Insurance Contributions Acts.

Financial interchange transfers are made in a lump sum for a whole fiscal year in the June following the close of a fiscal year. The Railroad Retirement Solvency Act of 1983, as amended, provided for monthly advances of the financial interchange from the U.S. Treasury general fund to be repaid when the financial interchange is settled each June. Each advance/loan is equal to an estimate of the transfer the RRB would have received in the preceding month if the financial interchange with social security were on an up-to-date basis, with interest adjustments. The RRB must repay these advances/loans when it receives the transfer from social security against which the money was advanced.

Section 7(c)(4) of the 1974 RRA, as amended, provides the rules for repayment of the financial interchange advances and references Section 7(c)(3) for the interest rate to be used.

The interest rate on the repayment of the advances is the same as that used in the actual financial interchange determination from the close of the prior fiscal year until the date of the transfer.

13. Available Borrowing Authority, End of the Year

The amount of RRB available borrowing authority at the end of the year associated with financial interchange advances is \$5,215,600.

14. Legal Arrangements Affecting Use of Unobligated Balances

The portion of RRB trust fund receipts collected in the current fiscal year that exceed the amount needed to pay benefits or other valid obligations remain in the RRB trust funds as unobligated balances. These receipts can become available in the current year if needed for valid obligations. RRB receipts are assets of the trust fund and available for obligation as needed in the future.

15. Undelivered Orders at the End of the Period

(in thousands)		2025
Federal Undelivered Orders		\$0
Non-Federal Undelivered Orders		39,256
Total Federal/Non-Federal Undelivered Orders		\$39,256
Paid Undelivered Orders		\$0
Unpaid Undelivered Orders		39,256
Total Paid/Unpaid Undelivered Orders		\$39,256
Total Undelivered Orders		\$39,256

16. Permanent Indefinite Appropriations

In fiscal year 2025, the Railroad Retirement Board had the following permanent indefinite appropriations that were available until expended:

- a. 60X0113 – Federal Payments to the Railroad Retirement Accounts, 60X0113, was established by OMB, not by legislation, and is used as a conduit for transferring certain income taxes on benefits; receiving credit for the interest portion of uncashed check transfers; and funds provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Account 60X0113 is considered a fund from dedicated collections. This account has no basis in law.
- b. 60X8010 – Social Security Equivalent Benefit Account, 60X8010, funds the portion of railroad retirement benefits equivalent to a social security benefit from various income sources related to these benefits. Account 60X8010 is considered a fund from dedicated collections. Our authority to use these collections is 45 U.S.C. § 231n-1(c) (1).
- c. 60X8011 – Railroad Retirement Account, 60X8011, funds retirement, survivor, and disability benefits in excess of social security equivalent benefits from payroll taxes on employers and employees and other income sources. Account 60X8011 is considered a fund from dedicated collections. Our authority to use these collections is 45 U.S.C. § 231f(c) (1).
- d. 60X8051.001 – Railroad Unemployment Insurance Trust Fund, Benefit Payments, 60X8051.001, funds railroad unemployment and sickness insurance benefits from contributions by railroad employers. Account 60X8051.001 is considered a fund from dedicated collections. Our authority to use these collections is 45 U.S.C. § 360.
- e. 60X8051.002 – Railroad Unemployment Insurance Trust Fund, Administrative Expenses, 60X8051.002, was established to pay salaries and expenses to administer the program. Account 60X8051.002 is considered a fund from dedicated collections. This fund is financed by contributions from railroad employers. Monies are transferred from this fund, based on cost accounting estimates and records, to the Limitation on Administration Account (60 8237) from which salaries and expenses are paid for both the railroad retirement program and the railroad unemployment and sickness insurance program. Our authority to use these collections is 45 U.S.C. § 361

17. Explanation of Differences Between the Combined Statement of Budgetary Resources and the Budget of the United States Government

A reconciliation was completed of budgetary resources, obligations incurred, distributed offsetting receipts, and outlays, as presented in the Statement of Budgetary Resources for the year ended September 30, 2024, to amounts included in the Budget of the United States Government. A reconciliation was not performed for the period ended September 30, 2025, since the RRB's PAR is published in December 2025, and OMB's MAX system will not have actual budget data available until after the RRB's PAR is published. Budget with the actual amounts for the current year FY2025 will be available at a later date at

<https://www.whitehouse.gov/omb/budget>

The Budget of the United States Government and the RRB's Statement of Budgetary Resources differ because of the following transaction types:

Fiscal Year 2024 (in millions)		Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
1.	Combined Statement of Budgetary Resources – September 30, 2024	\$16,163	\$15,861	\$6,247	\$9,399
2.	Expenditure Transfers from Trust Funds	(140)	0	0	0
3.	Unobligated Balance, Brought Forward October 1, 2023, as adjusted	(301)	0	0	0
4.	Recoveries of Prior Year Unpaid Obligations	(11)	(2)	0	0
5.	Sickness Insurance Benefit Recoveries	(15)	0	0	0
6.	Administrative Expense Reimbursement	(35)	0	0	0
7.	Interfund Transfers: Federal Payment Obligations – Income Taxes Collected on Benefits (0113),	(963)	0	0	0
8.	Intrafund Transfers: Receipts from the Old-Age and Survivors Insurance (OASI) Trust Fund	(5,860)	0	0	0
9.	Intrafund Transfers: Receipts from the Disability Insurance (DI) Trust Fund	(83)	0	0	0
FINANCIAL INTERCHANGE					
10.	Accrued Receipts from the OASI and DI Trust Funds	0	0	(42)	42
11.	Accrued Transfers to the Federal Hospital Insurance Trust Fund	0	0	690	(690)
12.	Intrafund Transfers to RRA	(1,180)	0	1,180	(1,180)
13.	Rounding	(7)	0	2	(8)
14.	Budget of the United States Government FY 2024 Actuals	\$7,568	\$15,859	\$8,077	\$7,563

Note Disclosures Related to the Statement of Social Insurance and the Statement of Changes in Social Insurance

18. Social Insurance

- Surplus/(unfunded obligation) represents combined values for all accounts under the railroad retirement program.
- Estimated future revenue includes tier I taxes, tier II taxes, income taxes on benefits, and financial interchange income, where financial interchange income consists of financial interchange transfers plus financial interchange advances from general revenues, less repayment of financial interchange advances from general revenues. Beginning in fiscal year 2020, future revenue includes an adjustment for asset experience gain / (loss) as reflected in the projections that is different than the expected long-term investment return.
- Estimated future expenditures include benefit and administrative costs.
- Details may not add to totals due to rounding. Employee and beneficiary status are determined as of 1/1/2024, whereas present values are as of 10/1/2024.
- Due to the use of the Account Benefits Ratios to determine and automatically adjust tier II tax rates, higher Treasury security and assets balances result in lower tax rates and consequently lower future tax income, with the outcome being a lower present value of expected future revenue, whereas lower Treasury security and assets balances result in higher tax rates and income, which increases the present value of future revenue.
- Statement of Changes in Social Insurance Amounts:
 - Changes in valuation period:
 - ***Between 10/1/2022 and 10/1/2023:*** Changes in the valuation period from fiscal years 2023-2097 to fiscal years 2024-2098 resulted in a change of about \$(0.6) billion in the open group measure between 10/1/2022 and 10/1/2023.
 - ***Between 10/1/2023 and 10/1/2024:*** Changes in the valuation period from fiscal years 2024-2098 to fiscal years 2025-2099 resulted in a change of about \$(1.2) billion in the open group measure between 10/1/2023 and 10/1/2024.
 - Changes in demographic data, assumptions, and methods:
 - ***Between 10/1/2022 and 10/1/2023:*** Demographic assumptions were changed between the Statement of Social Insurance as of 10/1/2022 and the Statement of Social Insurance as of 10/1/2023 to reflect recent experience and expectations for the future. There were also changes to projected levels of railroad employment and updates to demographic data. Changes in demographic data, assumptions, and methods resulted in a change of about \$0.9 in the open group measure between 10/1/2022 and 10/1/2023.
 - ***Between 10/1/2023 and 10/1/2024:*** Demographic assumptions were not changed between the Statement of Social Insurance as of 10/1/2023 and the Statement of Social Insurance as of 10/1/2024, but there were changes to

projected levels of railroad employment and updates to demographic data. Changes in demographic data, assumptions, and methods resulted in a change of about \$(0.1) in the open group measure between 10/1/2023 and 10/1/2024.

- Changes in economic data, assumptions, and methods:
 - **Between 10/1/2022 and 10/1/2023:** Ultimate economic assumptions were changed between the Statement of Social Insurance as of 10/1/2022 and the Statement of Social Insurance as of 10/1/2023. The ultimate COLA was changed from 2.4% to 2.5%, the wage increase assumption was changed from 3.4% to 3.5%, and the long-term investment return assumption was changed from 6.5% to 7.0%. There were changes in near-term economic assumptions, as well. The actual COLA of 3.2% was used for 2024 in place of the 3.3% COLA assumed in the prior year's report. A COLA of 3.0% was assumed for 2025 instead of the 2.9% COLA assumed in the prior year's report. A COLA of 2.8% was assumed for 2026 instead of the ultimate COLA of 2.4% assumed in the prior year's report. A wage increase of 11.4% was used for 2023 instead of the 10.0% wage increase assumption used in the prior year's report. A wage increase assumption of 1.5% was used for 2024, instead of the 2.0% wage increase assumption used in the prior year's report. Actual investment return for the combined accounts under the railroad retirement program was 12.8% for 2023 and 6.8% for the quarter ended 12/31/2023 instead of an annual 6.5% assumed last year. The 7.0% long-term investment return assumption for the combined accounts under the railroad retirement program was used for all other years of the projection period. Changes in economic data, assumptions, and methods resulted in a change of about (\$1.2) billion in the open group measure from 10/1/2022 to 10/1/2023.
 - **Between 10/1/2023 and 10/1/2024:** Ultimate economic assumptions were not changed between the Statement of Social Insurance as of 10/1/2023 and the Statement of Social Insurance as of 10/1/2024. There were changes in near-term economic assumptions, however. The actual COLA of 2.5% was used for 2025 in place of the 3.0% COLA assumed in the prior year's report. A COLA of 3.2% was assumed for 2026 instead of the 2.8% COLA assumed in the prior year's report. A COLA of 2.9% was assumed for 2027 instead of the 2.5% assumed in the prior year's report. A COLA of 2.7% was assumed for 2028 instead of the 2.5% assumed for the prior year's report. A wage increase of 2.1% was used for 2024 instead of the 1.5% wage increase assumption used in the prior year's report. Actual investment return for the combined accounts under the railroad retirement program was 9.8% for 2024 and (0.7%) for the quarter ended 12/31/2024 instead of an annual 7.0% assumed last year. The 7.0% long-term investment return assumption for the combined accounts under the railroad retirement program was used for all other years of the projection period. Changes in economic data, assumptions, and methods resulted in a change of about (\$1.7) billion in the open group measure from 10/1/2023 to 10/1/2024.

- Changes in law or policy:
 - **Between 10/1/2022 and 10/1/2023: There** were no changes in law or policy.
 - **Between 10/1/2023 and 10/1/2024: The** Social Security Fairness Act was signed into law on January 6, 2025. The law ends two statutory reductions for railroad retirees, their spouses, and survivors who are receiving public pensions from work not covered by social security. The repeal of these provisions means that individuals who were previously affected by these reductions will retroactively have their full tier 1 benefit amount restored for months after December 2023, the effective date of the repeal, and for future monthly benefit payments. The projected tier 1 benefits currently paid from the Social Security Equivalent Benefit Account were adjusted higher to reflect this statutory change; however, it had no material impact on the Net Present Value. There were no other changes in law or policy.
- Changes in methodology and programmatic data:
 - **Between 10/1/2022 and 10/1/2023: There** were no changes in methodology and programmatic data.
 - **Between 10/1/2023 and 10/1/2024: There** were no changes in methodology and programmatic data.
- Medicare healthcare and other healthcare assumptions are not applicable to the railroad retirement program.

19. Sustainability Financial Statements Disclosure

The sustainability financial statements are based on management's assumptions. These sustainability financial statements show the actuarial present value of the RRB's estimated future income to be received and future expenditures to be paid using a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The Statements of Social Insurance and Changes in Social Insurance Amounts are based on income and benefit formulas in current law but assume that scheduled benefits will continue after any related trust funds are exhausted. The statements of long-term fiscal projections are based on the continuation of current policy. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable for the projection period under all circumstances.

In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current policy or law is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability, for example, implementation of policy changes (in other words, benefit changes or payroll tax changes) to avoid trust fund exhaustion or unsustainable debt levels.

Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. The financial statements include Required Supplementary Information to assist in understanding the effect of changes in assumptions to the related information.

The Statement of Social Insurance as of 10/1/2024 includes an adjustment to the Net Present Value for the asset experience gain/(loss) during the period 10/1/2024-12/31/2024. This explicit adjustment to the Net Present Value for the asset experience gain/(loss) during the period 10/1-12/31 was included in the Statement of Social Insurance effective 10/1/2020. In prior years, the actual rate of return for the period 10/1-12/31 was used to discount projected income and expenditures rather than the long-term investment return assumption. The actual rate of return for the combined accounts under the railroad retirement program for this period is a significant fact that is reflected in the 75-year projection of income for the Statement of Social Insurance. Because of the way the RUIA rating system is structured, there is no long-term financial impact on the Trust funds due to loans from the RR account to the RUI account. There are currently no outstanding loans from the RR account to the RUI account.

20. Significant Assumptions

The estimated future revenue and expenditures in the SOSI and Required Supplementary Information are based on the assumption that the program will continue as presently constructed. The calculations assume that all future transfers required by current law under the financial interchange will be made by the Social Security trust funds.

The estimated future revenue and expenditures are also based on various economic, employment, and other actuarial assumptions. The ultimate economic assumptions are a 7.0 percent investment return, a 2.5 percent annual increase in the cost of living, and a 3.5 percent annual wage increase. These assumptions are adjusted in the near term for actual experience and expectations, as described in the 2025 Section 502 Report.

The employment assumption for the SOSI is employment assumption II, the intermediate employment assumption, as used in the 2025 Section 502 Report. Under employment assumption II, (1) railroad passenger employment is assumed to remain level at 46,000, and (2) the employment base, excluding passenger employment, is assumed to decline at a reducing annual rate starting at 1.4 percent for 40 years and remain level thereafter.

The actual preliminary average employment for 2024 was 200,800 (subject to later adjustment), which was higher than the range of projected values for 2024 in the 29th Valuation. To recognize the decreasing employment trend to 199,000 in the first quarter of 2025, a -1.0 percent downward adjustment was applied to the initial projected 2025 non-passenger employment numbers under all three employment scenarios. This downward adjustment brought the projected 2025 employment under employment assumption I (optimistic) down to the preliminary employment estimate for the first quarter of 2025.

The Social Security Fairness Act, signed into law on January 5, 2025, ended two statutory reductions for railroad retirees, their spouses, and survivors who are receiving public pensions from work not covered by social security. The individuals affected by these reductions will retroactively have their full tier 1 benefits restored for months after December 2023 and for future monthly benefit payments. To reflect the effects of this act in the 2025 Section 502 Report, the

projected tier 1 benefits currently paid from the Social Security Equivalent Benefit Account were adjusted about \$10 million per month higher to reflect this change, and a \$110 million retroactive payment for 2024 benefits paid in 2025 was also included in the projections.

The 2025 Section 502 Report is as of December 31. These results are rolled back to Fiscal Year End September 30 reflecting expected cash flows and expected long-term investment return. The disclosure includes an explicit adjustment for asset experience reflected in the valuation that is different from expected experience.

Actuarial assumptions and methods are those published in the Technical Supplement to the “Twenty-Ninth Actuarial Valuation of the Assets and Liabilities Under the Railroad Retirement Acts as of December 31, 2022.” This report may be found on the RRB’s website, www.rrb.gov.

Actuarial assumptions published in the Twenty-Ninth Actuarial Valuation include:

Table S-1.	2021 RRB Annuitants Mortality Table
Table S-2.	2021 RRB Disabled Mortality Table for Annuitants with Disability Freeze
Table S-3.	2021 RRB Disabled Mortality Table for Annuitants without Disability Freeze
Table S-4.	2018 RRB Active Service Mortality Table
Table S-5.	2021 Base Year RRB Spouse Total Termination Table
Table S-6.	Probability of a retired employee having a spouse eligible for railroad retirement benefits
Table S-7.	2021 RRB Mortality Table for Widows
Table S-8.	2021 RRB Remarriage Table
Table S-9.	2021 RRB Total Termination Table for Disabled Children
Table S-10.	2021 RRB Mortality Improvement Scale
Table S-11.	Calendar year rates of immediate age retirement
Table S-12.	Rates of immediate disability retirement and of eligibility for disability freeze
Table S-13.	Calendar year rates of final withdrawal
Table S-14.	Service months and salary scales
Table S-15.	Family characteristics of railroad employees assumed for the valuation of survivor benefits

Note Disclosures Not Pertaining to a Specific Statement

21. Budget to Accrual Reconciliation

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Budget to Accrual Reconciliation For the Year Ended September 30, 2025 (in thousands)

	Intra- governmental	Other than Intragovernmental	Total FY 2025
NET COST	\$225,592	\$14,829,841	\$15,055,433
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant, and Equipment Depreciation Expenses	0	(128)	(128)
Increase/(decrease) in assets:			
Accounts receivable	(6,314,934)	(3,162)	(6,318,096)
Other assets	(1,200)	0	(1,200)
(Increase)/decrease in liabilities:			
Accounts payable	871,987	1,173	873,160
Benefits Due and Payable	0	(8,162)	(8,162)
Federal Employee Salary, Leave, and Benefits Payable	0	(403)	(403)
Other liabilities	325	(29)	296
Financing sources:			
Imputed Cost	(12,756)	0	(12,756)
Total Components of Net Cost That Are Not Part of Net Outlays	(5,456,578)	(10,711)	(5,467,289)
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	0	745	745
Transfers Out (In) Without Reimbursement	851,857	0	851,857
Total Components of Net Outlays That Are Not Part of Net Operating Cost	851,857	745	852,602
Misc Items:			
Custodial/Non-Exchange Revenue	0	(313)	(313)
Appropriated Receipts for Trust/Special Funds	0	(863,296)	(863,296)
Other	0	(3,428)	(3,428)
Total Miscellaneous Items	0	(867,037)	(867,037)
Total Net Outlays (Calculated Total)	(\$4,379,129)	\$13,952,838	\$9,573,709
Agency Outlays, Net			\$9,573,709

22. Non-Custodial Non-Exchange Revenues

The Railroad Retirement Board has non-exchange revenue that consist of payroll tax collected by Treasury from railroads on behalf of the RRB, income tax on railroad retirement benefits, unemployment insurance contributions paid by railroad employers, and interest earned on Treasury securities.

RRB received payroll taxes, which were paid by railroad employers and their employees as the primary source of funding for the railroad retirement and survivor benefit programs. By law, railroad retirement taxes are coordinated with social security taxes.

Payroll taxes and unemployment contributions are recorded on a modified cash basis in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) No. 7. All other transactions are recorded on an accrual basis of accounting and a budgetary basis. Under the accrual method, revenues (except payroll taxes and unemployment contributions which are on a modified cash basis) are recognized when earned and expenses are recognized when a liability is incurred.

The IRS collects Railroad Retirement Tax Act taxes on behalf of RRB. The IRS refunds RRTA taxes to railroads. The IRS bills RRB on a cash basis and does not accrue an account receivable for the refunds paid.

FY 2025 Collection of non-custodial non-exchange revenue and carrier refunds below: (in thousands)

Non-Exchange Revenue					
	Current Tax Year	Prior Tax Year	Prior Tax Year Minus 1	All Other Prior Tax Years	Current Year Collections
Payroll Tax	\$7,291,516	\$0	\$0	\$0	\$7,291,516
Interest Revenue	87,198	(3,185)	356	1,200	85,569
Subtotal	7,378,714	(3,185)	356	1,200	7,377,085
Less: Amounts Collected for Non-Federal Entities	6,230	(436)	356	1,200	7,350
Total Amount of Federal Revenues Collected	<u>\$7,372,484</u>	<u>(\$2,749)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,369,735</u>

Refunds / Payments					
	Current Tax Year	Prior Tax Year	Prior Tax Year Minus 1	All Other Prior Tax Years	Current Year Collections
Carrier Refunds	\$26,137	\$0	\$0	\$0	\$26,137
Total Amount of Refunds	<u>\$26,137</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,137</u>

Note Disclosures Related to the Balance Sheet, SNC, and SCNP**23. Reclassification of Financial Statement Line Items for Financial Report Compilation Process**

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the Railroad Retirement Board's financial statements and Railroad Retirement Board's Reclassified statement of Net Cost prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2024 FR can be found here:

<https://www.fiscal.treasury.gov/reports-statements/>

A copy of the 2025 FR will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government.

The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

Pursuant to OMB Circular A-136 Section II.3.8.37, Significant entities using the Balance Sheet Template in section II.3.2.2 are not required to disclose any Balance Sheet information in this Note. RRB used that Balance Sheet template in the financial section on page 61.

Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement
of Net Cost for the Year Ending September 30, 2025
(in thousands)

FY 2025 RRB SNC							
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total	Reclassified Financial Statement Line
Gross Program Costs:							
Railroad Retirement Program							
Gross costs	14,962,528						
		14,718,231	0	5,530	0	14,723,761	Non-federal gross cost
		23,339	0	0	0	23,339	Benefit program costs
		12,756	0	0	0	12,756	Imputed costs
		11,110	(425)	0	0	10,685	Buy/sell cost
		185,913	0	0	0	185,913	Borrowing and other interest expense
		6,074	0	0	0	6,074	Other expenses (without reciprocals)
Total Gross Cost		14,957,423	(425)	5,530	0	14,962,528	total
Less: earned revenue	(13,090)						
		(0)	0	0	0	(0)	Non-federal earned revenue
		(13,515)	425	0	0	(13,090)	Buy/sell revenue (exchange)
Total Earned Revenue		(13,515)	425	0	0	(13,090)	Total
Net program costs	14,949,438	14,943,908	(0)	5,530	0	14,949,438	Program Total
Railroad Unemployment and Sickness Insurance Program							
Gross costs	121,202					0	
		123,684	0	(2,482)	0	121,202	Non-federal gross cost
		0	0	0	0	0	Buy/sell cost
Less: earned revenue	(15,116)						
		(15,110)	0	(6)	0	(15,116)	Non-federal earned revenue
				0		0	
Net program costs	106,086	108,574	0	(2,488)	0	106,086	Program total
Costs not assigned to programs							
Less: Gross Cost not attributed to programs	0	0	0	0	0	0	Non-federal gross cost
Less: earned revenues not attributed to programs	(91)						
		(6)	0	0	0	(6)	Non-federal earned revenue
		(85)	0	0	0	(85)	Federal Buy/sell revenue (exchange)
		(91)	0	0	0	(91)	Total
Net Cost	15,055,433	15,052,391	0	3,042	0	15,055,433	Net Cost

Reclassification of Statement of Changes in Net Position to Line Items Used for Government-wide Statement of Operations and Changes in Net Position for the Year Ending September 30, 2025
(in thousands)

FY 2025 RRB SCNP						Line Items Used to Prepare FY 2025 Government-wide SCNP	
Financial Statement Line	RRB Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	Other than Dedicated Collections (with Eliminations)	Eliminations Between Dedicated and Other than Dedicated	Total	Reclassified Financial Statement Line for FR
UNEXPENDED APPROPRIATIONS:							
Unexpended Appropriations, Beginning Balance	\$273,847	\$698	\$0	\$273,149	\$0	\$273,847	Unexpended Appropriations, Beginning Balance
Changes in Accounting Principles							Changes in Accounting Principles
Total Corrections of Errors							Total Reclassified Corrections of Errors
Appropriations Received	871,446	863,305	0	6,331	0	869,636	Appropriations Received
Other Adjustments	(1,810)	0	0	0	0	0	Other Adjustments
Appropriations Used	(866,192)	(863,296)	0	(2,896)	0	(866,192)	Appropriations Used
Total Unexpended Appropriations	\$277,291	\$707	\$0	\$276,584	\$0	\$277,291	Total Unexpended Appropriations
CUMULATIVE RESULTS OF OPERATIONS							
Cumulative Results of Operations, Beginning Balance	\$1,472,339	\$1,466,734	\$0	\$5,605	\$0	\$1,472,339	Cumulative Results of Operations, Beginning Balance, as adjusted
Changes in Accounting Principles							Changes in Accounting Principles
Corrections of errors							Corrections of errors
Appropriations Used	866,192	863,296	0	2,896	0	866,192	7.3-Appropriations expended (RC 38) - Footnote 1
Non-Exchange Revenue	7,350,948						
		41,744	0	146	0	41,890	5.7-Other taxes and receipts
		77,348	0	0	0	77,348	6.1-Federal securities interest revenue including associated gains and losses (non-exchange) (RC 03) - Footnote 1
		7,231,710	0	0	0	7,231,710	6.6-Other taxes and receipts (RC 45) - Footnote 1
Gain/(Loss) contingency	(21,799)	(21,799)	0	0	0	(21,799)	5.7-Other taxes and receipts
Transfers in from NRRIT (Note 24)	1,367,000	1,367,000	0	0	0	1,367,000	7.8-Expenditure transfers-in of financing sources (RC 09) - Footnote 1
Transfers In/Out w/o Reimbursement - Budgetary	5,382,732	0	0	0	0	0	
		330,234	(330,418)	0	0	(184)	7.6-Non-expenditure transfers-in of unexpended appropriations and financing sources (RC 08) - Footnote 1
		(330,234)	330,418	0	0	184	7.7-Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08) - Footnote 1
		7,198,121	(1,004,205)	0	0	6,193,916	7.8-Expenditure transfers-in of financing sources (RC 09) - Footnote 1
		(1,815,389)	1,004,205	0	0	(811,184)	7.9-Expenditure transfers-out of financing sources (RC 09) - Footnote 1
		0	0	0	0	0	7.21-Transfers-out without reimbursement (RC 18) - Footnote 1
Imputed financing	12,755	12,755	0	0	0	12,755	7.22-Imputed financing sources (RC 25) - Footnote 1
Accruals for Capital Transfer to the General Fund	0	0	0	0	0	0	6.9-Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)
Total Financing Sources	14,957,828	14,954,786	0	3,042	0	14,957,828	Total Financing Sources
Net Cost of Operations	(15,055,433)	(15,052,391)	0	(3,042)	0	(15,055,433)	Net Cost of Operations
Ending Balance-Cumulative Results of Operations	\$1,374,734	\$1,369,129	0	\$5,605	\$0	\$1,374,734	Ending Balance-Cumulative Results of Operations
Total Net Position	\$1,652,025	\$1,369,836	0	\$282,189	\$0	\$1,652,025	Total Net Position

24. Transfers To/From NRRIT

The RRB received a total of \$1,367 million from the NRRIT during fiscal year 2025. These funds were received in the Railroad Retirement Account. The transfers were used to fund benefit payments.

Required Supplementary Information (Unaudited)**Social Insurance****Program Financing**

Payroll taxes paid by railroad employers and employees are the primary source of funding for the railroad retirement-survivor benefit programs. Railroad retirement taxes, which have historically been higher than social security taxes, are calculated, like benefit payments, on a two-tier basis. Railroad retirement tier I payroll taxes are coordinated with social security taxes so that 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 that are used to finance railroad retirement benefit payments over and above social security levels. The tier II tax rate is automatically adjusted based on the ratio of certain asset balances to the sum of benefit payments and administrative expenses.

Revenues in excess of benefit payments are invested to provide additional trust fund income for the Railroad Retirement Act accounts.

Additional trust fund income is derived from the financial interchange with the social security trust funds, revenues from Federal income taxes on railroad retirement benefits, and appropriations from general treasury revenues provided after 1974 as part of a phase-out of certain vested dual benefits.

The financial interchange between the railroad retirement and social security systems is intended to put the Social Security Administration (SSA) Federal Old-Age, Survivors, and Disability Insurance (FOASI/DI) trust funds and the Centers for Medicare and Medicaid Services (CMS) Federal Hospital Insurance (FHI) trust fund in the same position they would have been had railroad employment been covered under the Social Security and Federal Insurance Contributions Acts. It follows that all computations under the FI are performed according to social security law.

Placing the social security trust funds in the same position they would have been had railroad employment been covered under social security since its inception involves computing the additional amount of social security payroll and income taxes that social security would have received and computing the amount in additional benefits that social security would have paid to railroad retirement beneficiaries during the same fiscal year. In the computation of the latter amount, credit is given for any social security benefits actually paid to railroad retirement beneficiaries. When benefit reimbursements exceed payroll and income taxes, the difference, with an allowance for interest and administrative expenses, is transferred from the social security trust funds to the SSEB Account. If taxes exceed benefit reimbursements, a transfer would be made in favor of the social security trust funds.

On a present value basis, funds provided through the FI are expected to equal \$90.3 billion, reflecting net payments from social security offset by a smaller transfer to CMS. The FI funds are 32.3% of the estimated future revenue of \$279.8 billion. Although the contributions and expenditures related to the FI have historically been included in the SOSI, they are in effect primarily contributions and expenditures of SSA that are administered by the RRB.

Benefits

Full age annuities are payable at age 60 to workers with 30 years of service. For those with less than 30 years of service, reduced annuities are payable at age 62, and unreduced annuities are payable at full retirement age, which is gradually rising from 65 to 67, depending on year of birth. Disability annuities can be paid on the basis of total or occupational disability. Annuities are also payable to spouses and divorced spouses of retired workers and to widow(er)s, surviving divorced spouses, partitioned surviving spouses, partitioned surviving divorced spouses, remarried widow(er)s, children, and parents of deceased railroad workers. Qualified railroad retirement beneficiaries are covered by Medicare in the same way as social security beneficiaries.

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 five years 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 or her survivors 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.

Program Finances and Sustainability

The RRB must submit to the President and the Congress a report on the actuarial status of the railroad retirement system. Projections are made of the various components of income and outgo under three employment assumptions.

The SOSI presents an actuarial analysis of the financial position of the railroad retirement system as of October 1, 2024. The figures in the table are based on the 2025 Section 502 Report extended through fiscal year 2099. The present values of estimated future revenue and expenditures in the table are based on estimates of revenue and expenditures through the fiscal year 2099. The estimates include revenue and expenditures related to future participants as well as to former and present railroad employees. The present values are computed on the basis of economic and demographic assumptions and employment assumption II, the moderate (or intermediate) employment assumption, as used in the 2025 Section 502 Report. Under employment assumption II, (1) railroad passenger employment is assumed to remain level at 46,000, and (2) the employment base, excluding passenger employment, is assumed to decline at a reducing rate starting at 1.4% for 40 years and remain level thereafter.

The initial rates of decline used in the 29th Valuation were also used in the 2025 Section 502 Report. The actual preliminary average employment for 2024 was 200,800 (subject to later adjustment). This was higher than the range of projected values for 2024 in the 29th Valuation, although actual average employment decreased gradually in 2024. To recognize the decreasing employment trend to 199,000 in the first quarter of 2025, a -1.0 percent downward adjustment was made to the initial projected 2025 non-passenger employment numbers under all three employment scenarios. This downward adjustment brought the projected 2025 employment under assumption I (optimistic) down to the preliminary employment estimate for the first quarter of 2025.

Actuarial Estimates

Actuarial estimates of the long-range financial condition of the railroad retirement system are presented here. Throughout this section, the following terms will generally be used as indicated:

- Revenue: sources of revenue are payroll taxes, income taxes, investment income, and financial interchange transfers.
- Revenue excluding interest: ^a revenue, as defined above, excluding the investment income from assets of the trust fund.
- Expenditures: benefit payments and administrative expenses.
- Cashflow: either (1) revenue excluding interest or (2) expenditures, depending on the context, expressed in nominal dollars.
- Net Cashflow: revenue excluding interest less expenditures, expressed in nominal dollars.

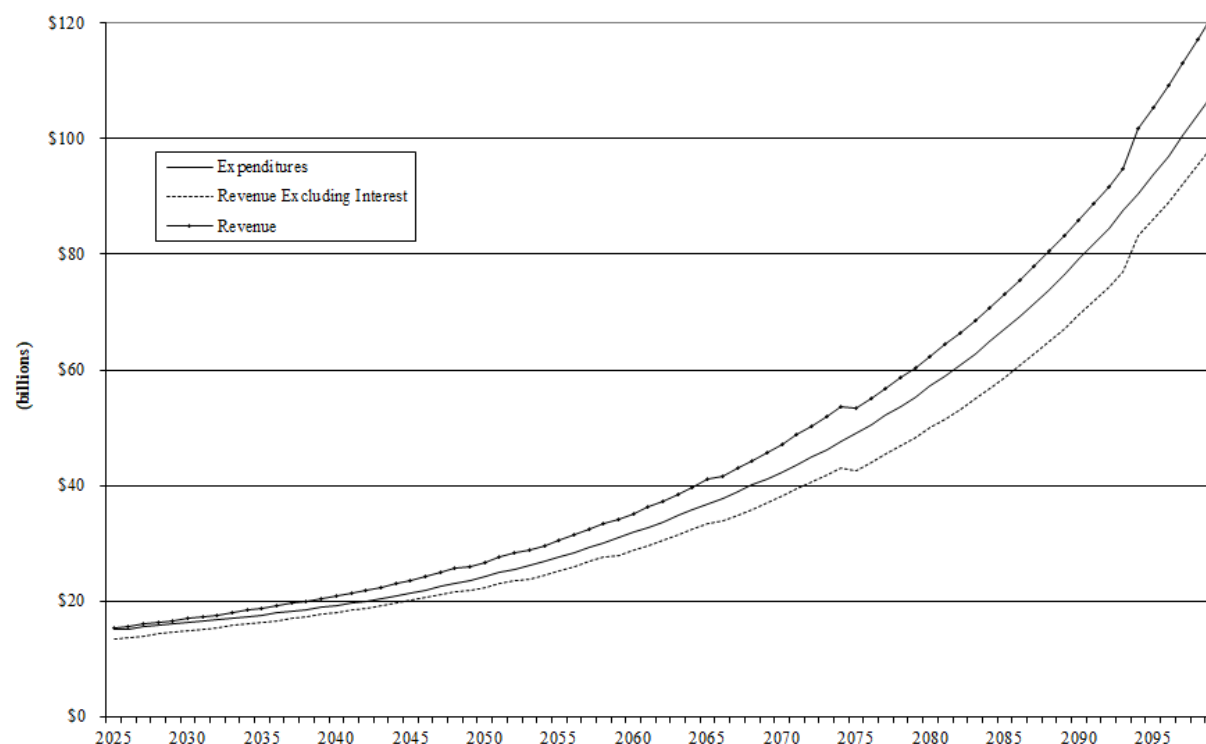
The SOSI and the required supplementary information are based on actuarial and economic assumptions used in the 2025 Section 502 Report extended through fiscal year 2099, the Railroad Retirement Act, and the Railroad Retirement Tax Act and, for the Financial Interchange, the Social Security and Federal Insurance Contributions Acts. The charts in the required supplementary information are on a calendar year basis. This information includes:

- (1) actuarial present values of future estimated expenditures for and estimated revenue from, or on behalf of, current and future program participants;
- (2) estimated annual revenue excluding interest and expenditures in nominal dollars and as a percentage of taxable payroll;
- (3) the ratio of estimated annuitants to estimated full-time employees, showing the relationship between the program's benefit recipients and taxpayers; and
- (4) an analysis of the sensitivity of the projections to changes in selected assumptions, which is included in recognition of the inherent uncertainty of those assumptions.

Estimated future revenue and expenditures are generally based on a 75-year projection period. Estimated future revenue and expenditures extending far into the future are inherently uncertain, with uncertainty increasing with time.

^a Interest income in this section refers to total investment income including dividends and capital gains.

Chart 1: Estimated Income and Expenditures

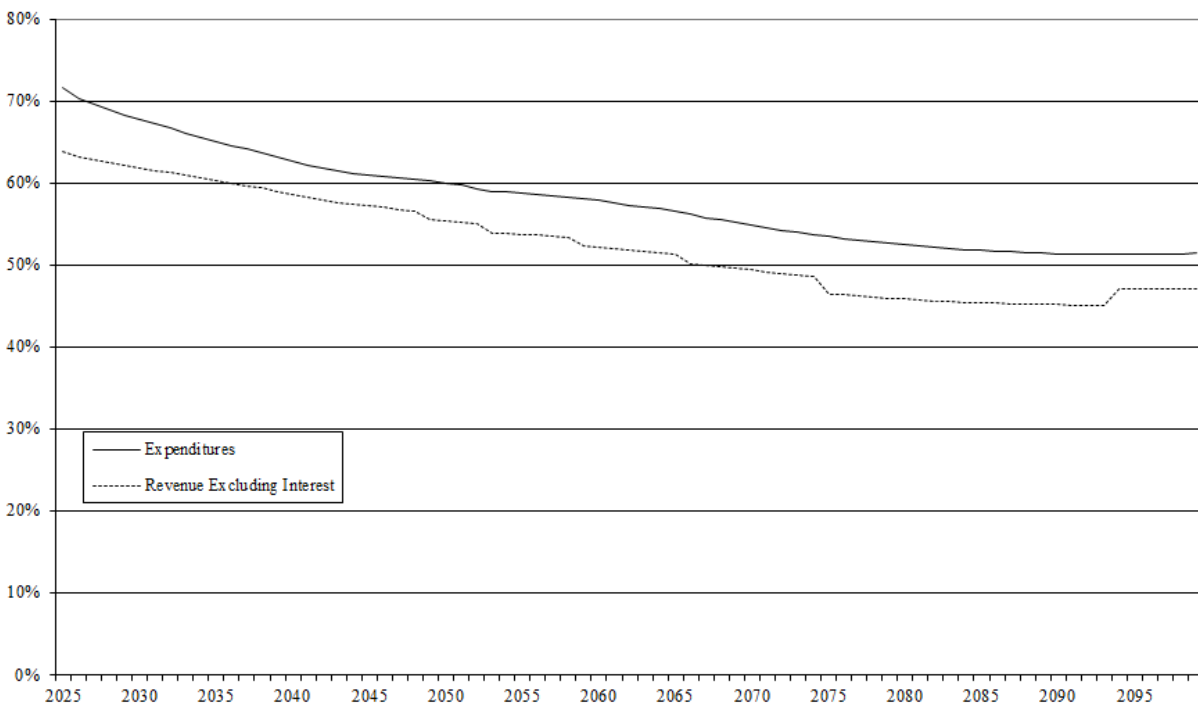


Cashflow Projections – Chart 1 shows actuarial estimates of railroad retirement annual revenue, revenue excluding interest, and expenditures for 2025-2099 in nominal dollars. The estimates are for the open-group population, which includes all persons projected to participate in the railroad retirement system as workers or beneficiaries during the period. Thus, the estimates include payments from, and on behalf of, those who will be employed by the railroads during the period as well as those who already have been employed at the beginning of the period. They also include expenditures made to, and on behalf of, such workers during that period.

As Chart 1 shows, annual revenue exceeds annual expenditures throughout the entire projection period. Without investment income, however, annual expenditures are greater than annual revenue throughout the entire period. Reasons for this pattern include participant demographics, the assumed drop in railroad employment, and the automatic tier II tax rate adjustment mechanism. The combined balance of the Railroad Retirement Act accounts never becomes negative largely because (i) a sufficient balance exists at the beginning of the projection period and (ii) tier II tax rates respond automatically to changing account balances.

Percentage of Taxable Payroll – Chart 2 shows estimated annual revenue excluding interest and expenditures for the railroad retirement system expressed as percentages of taxable payroll. Expenditures decrease as a percentage of payroll except for very small increases in 2095 through 2099. This is largely due to the projected decline in the number of annuitants per full-time employee. Sources of revenue generally vary as a percentage of payroll with the pattern shown driven by the level of tier II taxes. (See Chart 3c).

Chart 2: Estimated Railroad Retirement Income Excluding Interest and Expenditures as a Percent of Taxable Tier II Payroll



Sensitivity Analysis - The projections of the future financial status of the railroad retirement system depend on many economic and demographic assumptions including rail employment, inflation, wage increase, investment return, age retirement, disability retirement, withdrawal, active service mortality, beneficiary mortality, spouse total termination, probability of spouse, remarriage, family composition, disability freeze, service patterns, and salary scales. Because perfect long-range projections are impossible, this section is included to illustrate the sensitivity of the long-range projections to changes in certain key assumptions that have the greatest impact on the results. All present values are calculated as of October 1, 2024, and are based on estimates of revenue and expenditures during the fiscal years 2025-2099 projection period.

Employment: History shows that railroad employment has generally declined over a long period of years but less quickly since the early 2000s. Railroad employment may vary more dramatically year to year and was particularly affected by the COVID-19 pandemic in 2020 and 2021. From its lowest point in January of 2021, employment increased slightly before leveling off and then decreasing again in January of 2022. Railroad employment steadily recovered during 2022 and 2023, assisted by Amtrak hiring supported by the Infrastructure Investment and Jobs Act, and stabilized at a little over 200,000 employees in the latter half of 2023 and the first half of 2024. Employment declined from 200,000 in the latter half of 2024 and has continued to decline slightly in 2025.

Since employment is a key consideration, projections of revenue and expenditures using three different employment assumptions have been made. The SOSI uses employment assumption II, the moderate assumption, but this section compares results under the three assumptions. Employment assumptions I and II assume that (1) passenger employment will remain at the level of 46,000 and (2) the employment base, excluding passenger employment, will decline at a reducing annual rate (starting at 0.2 percent for assumption I and 1.4 percent for assumption

II) for 40 years and remain level thereafter. Employment assumption III differs from employment assumptions I and II by assuming that (1) passenger employment will decline by 400 per year until a level of 38,000 is reached and then remain level, and (2) the employment base, excluding passenger employment, will decline at a reducing rate starting at 2.6% over the next 40 years and remain level thereafter. Average employment for 2024 increased to the level of 201,000 but is expected to decline slightly during 2025. Employment assumptions I, II, and III are intended to provide an optimistic, moderate, and pessimistic outlook, respectively.

Table 1 shows the excess of assets and the estimated present value of revenue over the estimated present value of expenditures for the three employment assumptions.

Table 1
Excess of Assets and Estimated Present Value of Revenue over Estimated Present Value
of Expenditures for Three Employment Assumptions, 2025-2099
(in billions)

Employment Assumption	<u>I</u>	<u>II</u>	<u>III</u>
Present Value	\$2.5	\$2.1	\$1.8
Average Tier II tax rate ^a	15.6%	16.7%	18.2%

^a Average combined employer/employee tier II tax rate is calculated by dividing the present value of tier II taxes by the present value of tier II payroll.

Chart 3a: Combined Balance of the Railroad Retirement Act Accounts under Three Employment Assumptions

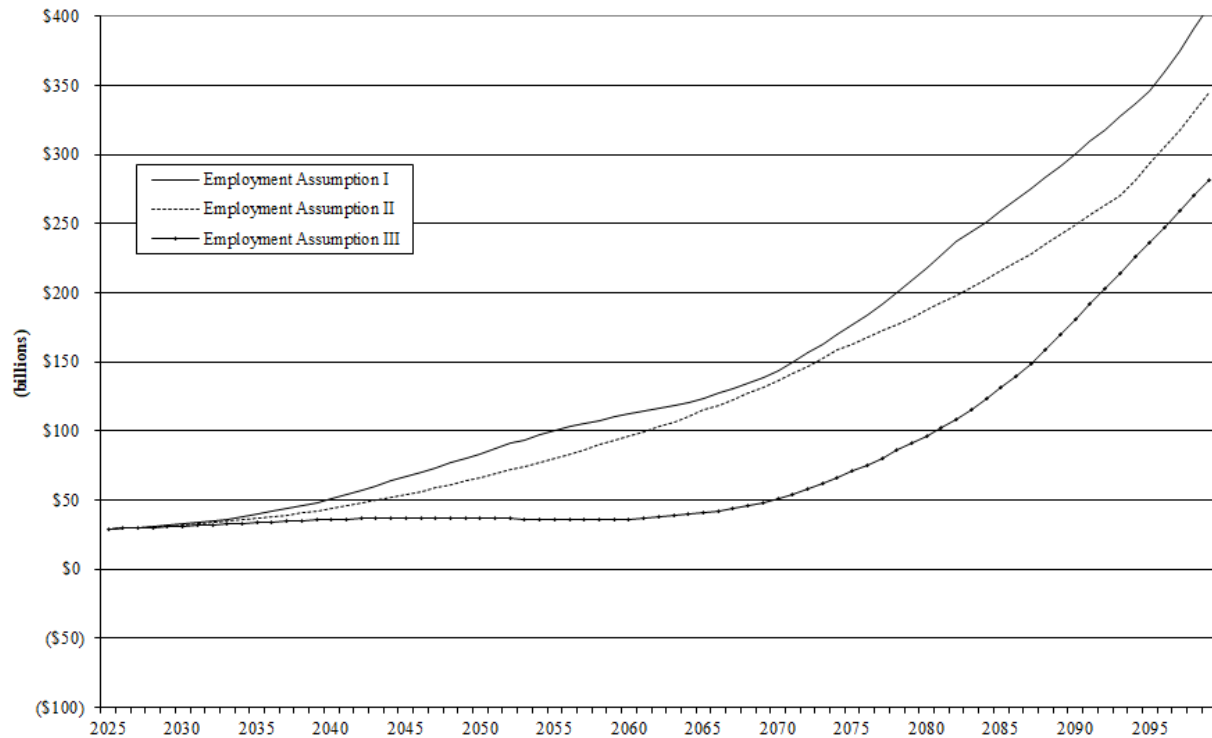


Chart 3a shows the combined balance of the accounts under each of the three employment assumptions. Note that the combined account balance is positive throughout the entire period for all three employment assumptions during the projection period.

Chart 3b shows the Accounts Benefit Ratio (ABR) under the three employment assumptions. The ABR is calculated by dividing the fair market value of the assets in railroad retirement system accounts other than the SSEBA as of the close of the fiscal year by the total benefits and administrative expenses paid from those specific accounts during that fiscal year. Under assumption I, the ABR increases from 2025 through 2056, decreases from 2057 through 2069, increases from 2070 through 2082, decreases again from 2083 through 2095, and increases through the last years of the projection period. Under assumption II, the ABR increases from 2025 through 2074, decreases from 2075 through 2093, and then increases again through the end of the projection period. Under assumption III, the ABR increases from 2025 through 2029, decreases slightly in 2030 and 2031, increases from 2032 through 2034, decreases from 2035 through 2063, and then increases again from 2064 until the end of the projection period.

Chart 3b: Account Benefit Ratio under Three Employment Assumptions

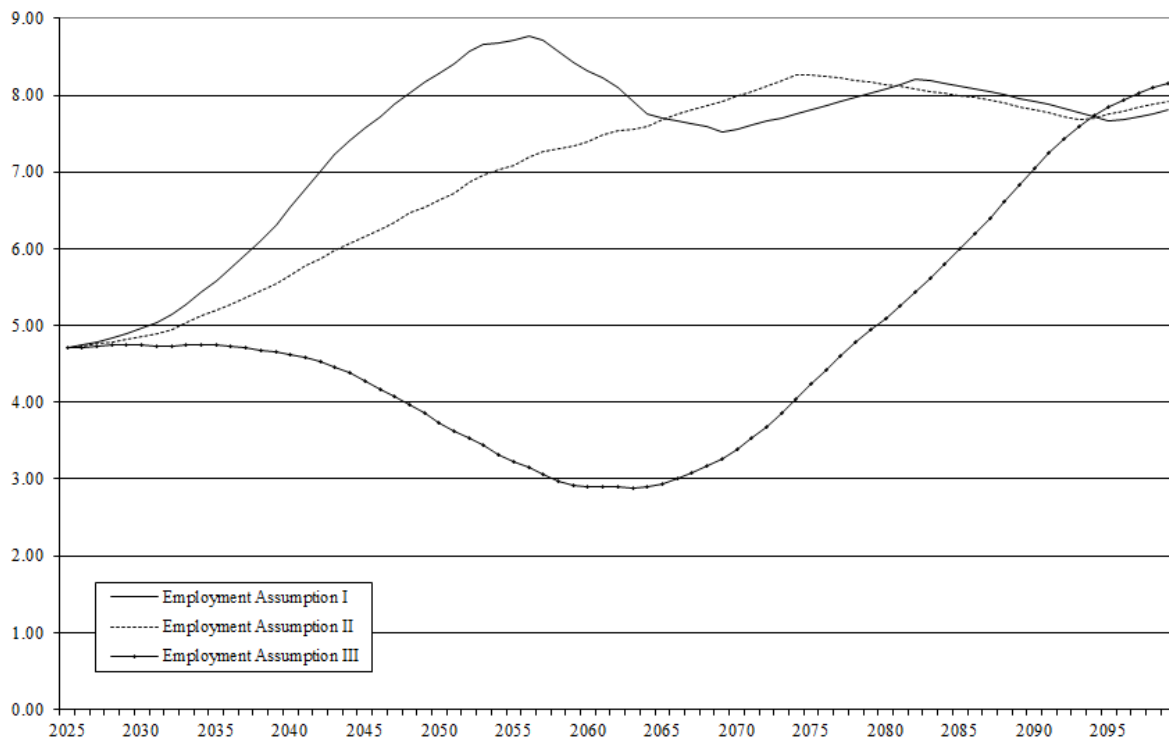
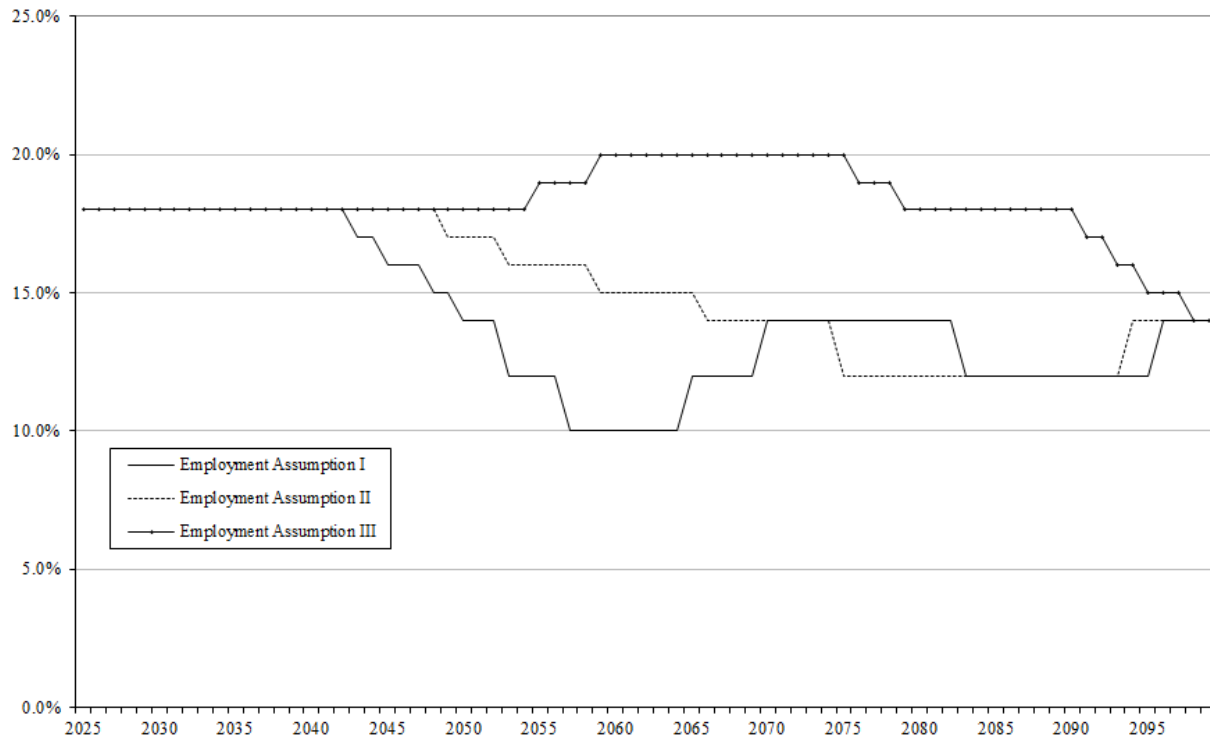


Chart 3c shows the tier II tax rate as determined by the 10-year average ABR under the three employment assumptions. Under employment assumption I, the current 18 percent tax rate remains until 2042, decreases to 17 percent in 2043 and 2044 and continues decreasing gradually until reaching 10 percent in 2057 through 2064 before increasing to 12 percent again in 2065 through 2069, increasing again to 14 percent in 2070 through 2082, dropping back to 12 percent from 2083 to 2095, and finally increasing again to 14 percent for the remainder of the period. Under employment assumption II, the current 18 percent tax rate remains until 2048, after which it starts dropping until reaching 12 percent in 2075 and then increasing to 14 percent in 2094, where it remains for the remainder of the period. Under employment assumption III, the current 18 percent tax rate remains through 2054, increasing to 19 percent in 2055 through 2058, increasing to 20 percent in 2059 through 2075, decreasing to 19 percent again in 2076 through 2078, dropping to 18 percent again in 2079 through 2090, and continuing to drop from 17 percent in 2091 throughout the remainder of the period until reaching 14 percent in 2098 and 2099.

Chart 3c: Tier II Tax Rate Under Three Employment Assumptions



The tier II tax rate for each year is determined by the average account benefits ratio (AABR), which is the average for the ten most recent fiscal years of the ratio of fair market value of assets in railroad retirement system accounts other than the SSEBA to the total benefits and administrative expenses paid from those specific accounts. Therefore, the tier II tax rate will be affected by the employment assumption. The tier II tax rate adjustment mechanism reduces but does not eliminate the risk of insolvency. The tier I tax rate does not vary by employment assumption.

Investment return: Since investments may include non-governmental assets such as equity and debt securities as well as governmental securities, it is worthwhile to examine the effects of future rates of investment return. In addition to the investment return of 7 percent used for our projections, we show the effect on the combined accounts of an investment return of 5 percent, 6 percent, 8 percent, and 9 percent. Table 2 shows the excess of assets and the estimated present value of revenue over the estimated present value of expenditures for the five investment return assumptions. If the tier II tax rate were fixed, the actuarial surplus would increase with increasing investment return. However, the tier II tax rate adjusts to changing account balances, resulting in the highest average tax rate under the 5 percent scenario and the lowest average tax rate under the 9 percent scenario.

Table 2
Excess of Assets and Estimated Present Value of Revenue over Estimated Present Value of Expenditures for Five Investment Return Assumptions, 2025-2099
(in billions)

Investment Return Assumption	5.0%	6.0%	7.0%	8.0%	9.0%
Present Value	\$6.6	\$4.0	\$2.1	\$1.1	\$1.0
Average Tier II tax rate ^a	18.4%	17.7%	16.7%	15.8%	14.9%

^a Average combined employer/employee tier II tax rate is calculated by dividing the present value of tier II taxes by the present value of tier II payroll.

Chart 4a: Combined Balance of the Railroad Retirement Act Accounts under Different Investment Return Assumptions

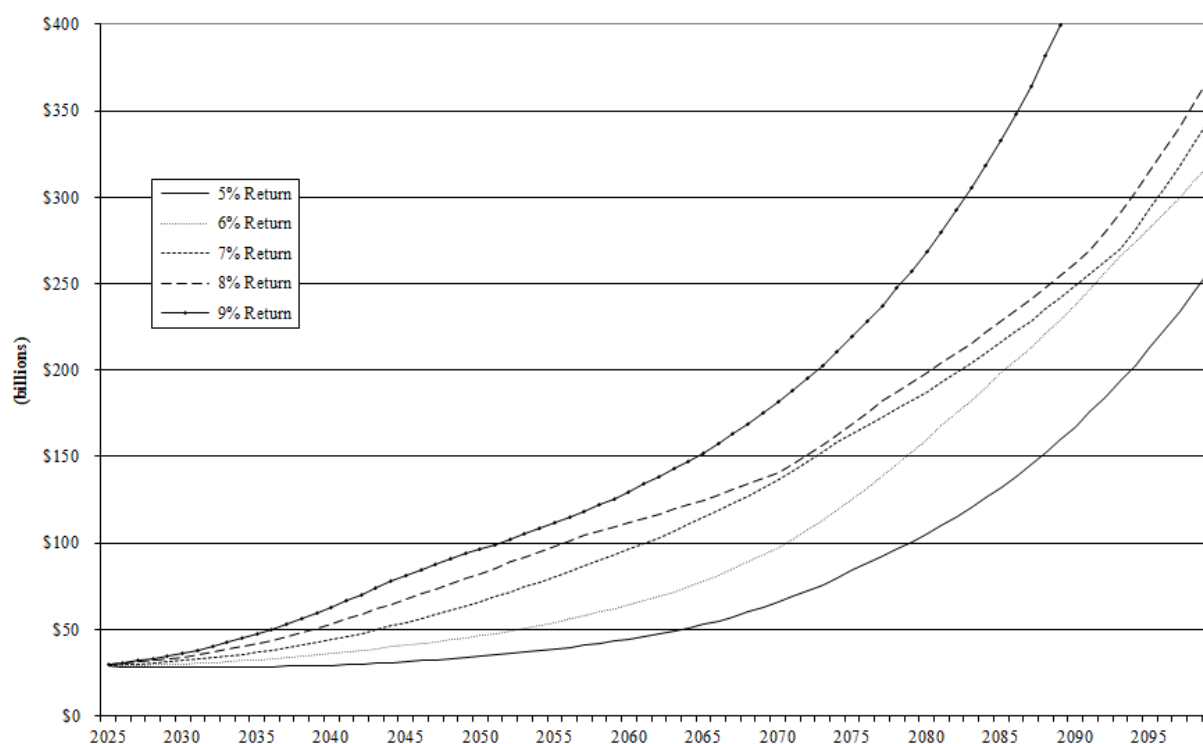


Chart 4a shows the combined account balance under the five investment return assumptions for the projection period. At a 5 percent investment return, the account balance reaches its lowest value in 2031 and then increases through the remainder of the projection period. With investment returns of 6 percent, 7 percent, 8 percent, and 9 percent, the account balance increases throughout the projection period. Although the 5 percent scenario shows the lowest account balance at the end of the projection period, the concurrent use of a 5 percent discount rate results in the highest surplus on January 1, 2025, as shown in the table below (in \$billions).

Investment Return	5%	6%	7%	8%	9%
Ending Account Balan	\$257.4	\$318.4	\$345.1	\$369.3	\$653.2
discount factor	0.0257515	0.01265	0.00625	0.00311	0.00156
PV Surplus	\$6.6	\$4.0	\$2.2	\$1.1	\$1.0

Chart 4b shows the ABR under the same five investment return assumptions. When the return is 5 percent, the ABR decreases until 2051, ranges between 3.40 and 3.45 until 2063 and then increases through the remainder of the projection period. With a 6 percent return, the ABR decreases until 2032 and then increases until 2043, decreases again between 2044 and 2049, increases until 2093, with the exception of a very small decrease in 2058, and then decreases throughout the remainder of the period. With a 7 percent return, the ABR increases through 2074, decreases through 2093, and then increases again through the remainder of the period. With an 8 percent return, the ABR increases through 2057, drops through 2070, increases through 2077, decreases through 2091, and then increases through the remainder of the period. With a 9 percent rate, the ABR increases through 2057, fluctuates between 2058 and 2063, and then increases throughout the remainder of the projection period.

Chart 4b: Account Benefit Ratio under Different Investment Return Assumptions

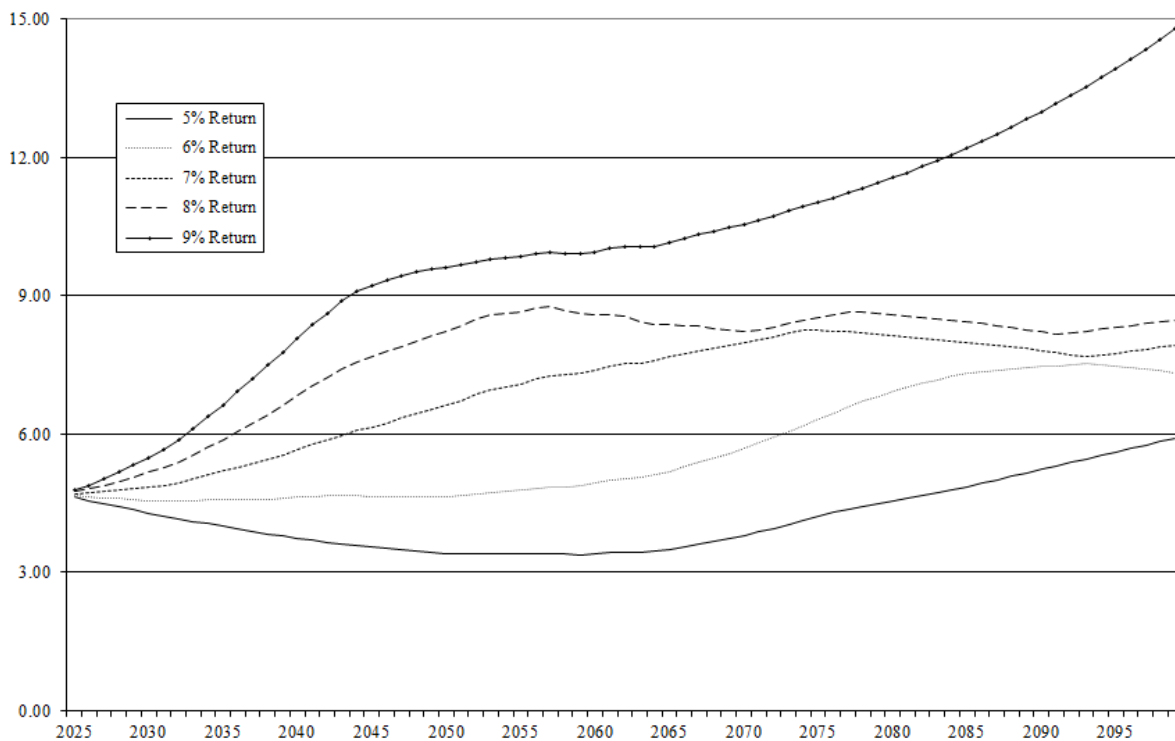
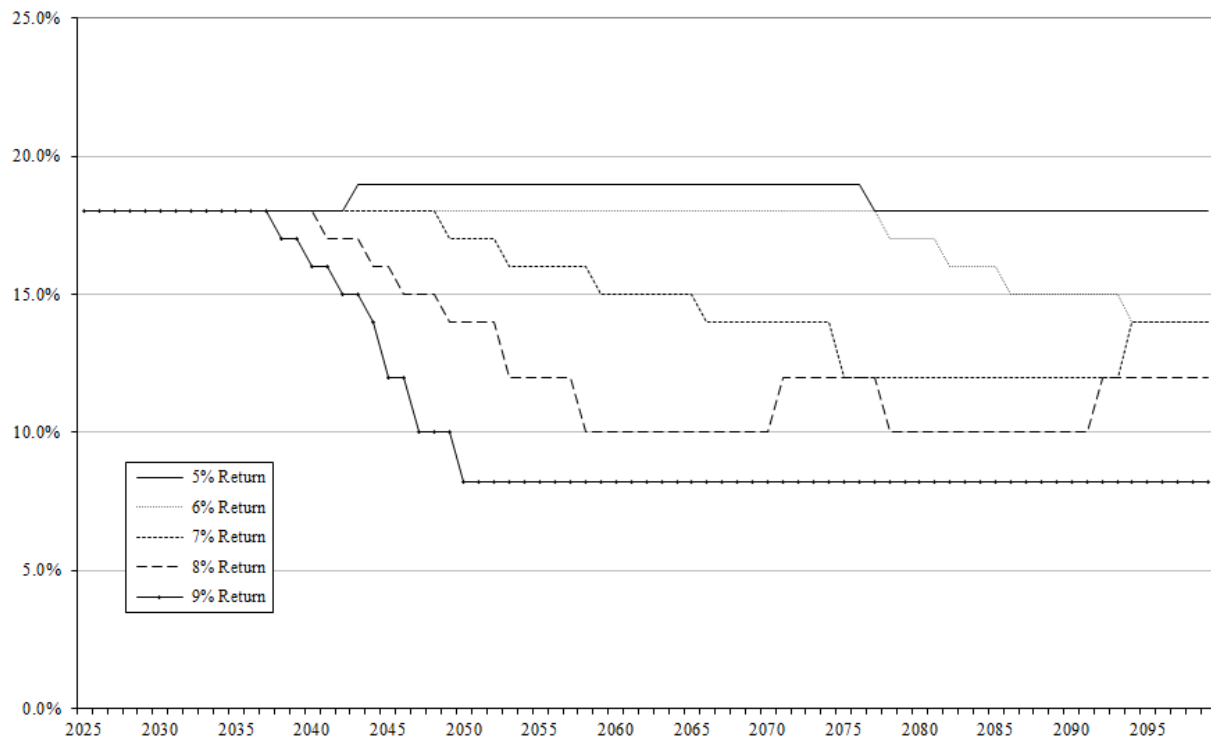


Chart 4c shows the tier II tax rate as determined by the 10-year average ABR under the same five investment return assumptions. With a 5 percent investment return, the tax rate is 18 percent through 2042, increases to 19 percent through 2076, and then drops back to 18 percent for the

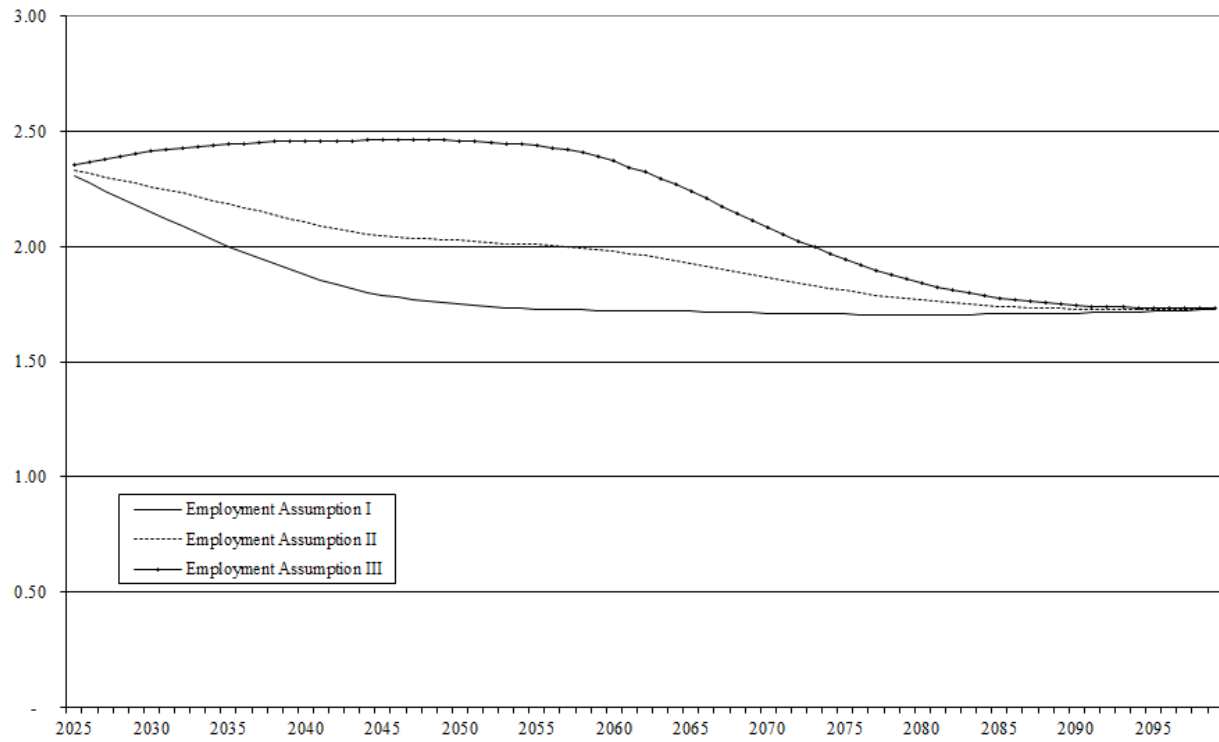
remainder of the period. With a 6 percent investment return, the tax rate is 18 percent through 2077 and decreases gradually from 17 percent in 2078 to 14 percent in 2094, where it remains for the rest of the period. With a 7 percent return, the tax rate is 18 percent through 2048, drops gradually until reaching 12 percent in 2075, and then increases to 14 percent in 2094, where it remains for the rest of the period. With an 8 percent increase, the tax rate is 18 percent until 2040, decreases gradually until reaching 10 percent in 2058, and then increases to 12 percent from 2071 through 2077 before dropping back to 10 percent between 2078 and 2091 and increasing back to 12 percent for the remainder of the period. With a 9 percent return, the tax rate is 18 percent through 2037 before decreasing gradually until it reaches 8.2 percent in 2050, where it remains throughout the rest of the period. As mentioned above, because the tier II tax rate is determined based on the ratios of asset values to benefits and administrative expenses, it will be affected by investment return, but the tier I tax rate will not.

Chart 4c: Tier II Tax Rate Under Different Investment Return Assumptions



Ratio of Beneficiaries to Workers - Chart 5 shows the estimated number of annuitants per full-time employee under all three employment assumptions. The average number of annuitants per employee for employment assumptions I and II is highest in 2025. For assumption III, the average number of annuitants per employee increases until it levels off between 2038 and 2051, with the ratio being the highest in 2046, and then decreases from 2052 throughout the rest of the period. For all three employment assumptions, the average number of annuitants per employee declines to between 1.73 and 1.74 at the end of the projection period. The convergence in number of annuitants per employee at the end of the projection period results primarily from level employment projected in the latter years under all three employment assumptions.

Chart 5: Average Number of Annuitants per Full-Time Employee



RAILROAD RETIREMENT BOARD
 COMBINING STATEMENT OF BUDGETARY RESOURCES
 FOR THE YEAR ENDED SEPTEMBER 30, 2025
 (in thousands)

	COMBINED RAILROAD RETIREMENT PROGRAM	COMBINED RAILROAD UNEMPLOYMENT AND SICKNESS INSURANCE PROGRAM	LIMITATION ON THE OFFICE OF INSPECTOR GENERAL	COMBINED TOTALS
Budgetary Resources				
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 11)	\$49,524	\$270,095	\$5,200	\$324,819
Appropriations (discretionary and mandatory)	10,560,424	107,133	0	10,667,557
Borrowing authority (discretionary and mandatory) (Note 13)	5,215,600	0	0	5,215,600
Spending authority from offsetting collections (discretionary and mandatory)	159,136	15,356	14,500	188,992
Total budgetary resources	\$15,984,684	\$392,584	\$19,700	\$16,396,968
Status of budgetary resources				
New obligations and upward adjustments (total)	\$15,954,920	\$129,703	\$14,271	\$16,098,894
Unobligated balance, end of year				
Apportioned, unexpired accounts	15,211	0	1,225	16,436
Exempt from Apportionment, Unexpired Accounts	0	225,845	0	225,845
Unapportioned, unexpired accounts	156	0	0	156
Unexpired unobligated balance, end of year	15,367	225,845	1,225	242,437
Expired unobligated balance, end of year	14,398	37,035	4,204	55,637
Unobligated balance, end of year (total)	29,765	262,880	5,429	298,074
Total budgetary resources	\$15,984,685	\$618,429	\$19,700	\$16,396,968
Outlays, net				
Outlays, net (total) (discretionary and mandatory)	\$15,774,127	\$105,696	(\$1,691)	\$15,878,132
Distributed offsetting receipts (-)	(6,304,423)	0	0	(6,304,423)
Agency outlays, net (discretionary and mandatory)	\$9,469,704	\$105,696	(\$1,691)	\$9,573,709

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UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

December 18, 2025

To the Board Members,

We contracted with the independent public accounting (IPA) firm of RMA Associates, LLC (RMA) to audit the financial statements of the Railroad Retirement Board (RRB), which included the consolidated balance sheets as of September 30, 2025 and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the fiscal years then ended, statements of social insurance as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, and October 1, 2020, statement of changes in social insurance for the two year period ended September 30, 2024, and related notes to the consolidated financial statements (collectively referred to herein as the consolidated financial statements). We also contracted with RMA to audit RRB's internal control over financial reporting as of September 30, 2025, based on criteria established in the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States.

The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards (GAGAS), the Office of Management and Budget audit requirements, the U.S. Government Accountability Office (GAO) and the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) *Financial Audit Manual*, applicable American Institute of Certified Public Accountants professional standards, and other applicable OMB guidance.

In its audit of the RRB, RMA reported:

- in their opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the RRB as of September 30, 2025, and its net cost, changes in net position, and combined budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America;
- in their opinion, the sustainability financial statements present fairly, in all material respects, the RRB's social insurance information as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, and October 1, 2020, and its changes in social insurance amounts for the two year period ended September 30, 2024, in accordance with accounting principles generally accepted in the United States of America;

- an adverse opinion on internal control over financial reporting because the RRB has not maintained effective internal control over financial reporting as of September 30, 2025, based on established criteria, as corrective action plans were not developed for all outstanding externally identified findings; and
- one instance of significant deficiency on noncompliance on a matter that was required to be recorded in accordance with applicable requirements.

RMA also identified material weaknesses which are described in Exhibit I of the attached auditor's report. To address the material weaknesses identified in the report, RMA did not make any new recommendations as the findings were part of prior recommendations. In addition, RMA identified one instance of significant deficiency which is described in Exhibit II of the attached auditor's report. To address the one instance of significant deficiency identified in the report, RMA made one modified repeat recommendation. In response to RMA's findings and one modified recommendation, RRB expressed concurrence. RRB provided a response to the entirety of the auditor's report agreeing with categorization of the findings and recommendation. RRB expressed their commitment to continue collaborating with RMA and the Office of Inspector General to maintain open communication as they strive to resolve audit recommendations, improve internal controls, and improve financial reporting.

As required by GAGAS, RMA evaluated RRB's response. Based on the evaluation, RMA's findings and recommendations remain unchanged and RMA noted that the RRB concurred with the recommendation.

RMA is responsible for the attached auditor's report dated December 18, 2025 and the conclusions expressed therein. We do not express opinions on RRB's financial statements, internal control over financial reporting, or conclusions on compliance and other matters.

We appreciate the assistance provided to our staff and the IPA firm's employees during the engagement. We look forward to the continued collaboration efforts by all parties.

Sincerely,

SHANON HOLMAN

Digitally signed by SHANON
HOLMAN
Date: 2025.12.18 10:40:00 -06'00'

Shanon E. Holman
Assistant Inspector General for Audit
Principal Deputy Performing the Duties of the Inspector General

Independent Auditor's Report

To the Board Members and Inspector General of the Railroad Retirement Board:

Report on the Audit of the Consolidated Financial Statements and Internal Control Over Financial Reporting

Opinion on the Consolidated Financial Statements

We were engaged to audit the consolidated financial statements of the Railroad Retirement Board (RRB), which comprise the consolidated balance sheets as of September 30, 2025, and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the fiscal year then ended, related notes to the consolidated financial statements, and the sustainability financial statements, which comprise the statements of social insurance as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, and October 1, 2020, statement of changes in social insurance amounts for the two year period ended September 30, 2024, and related notes to the sustainability financial statements (collectively referred to herein as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the RRB as of September 30, 2025, and its net cost, changes in net position, and combined budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Also, in our opinion, the sustainability financial statements present fairly, in all material respects, the RRB's social insurance information as of October 1, 2024, October 1, 2023, October 1, 2022, October 1, 2021, and October 1, 2020, and its changes in social insurance amounts for the two year period ended September 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on Internal Control over Financial Reporting

We were also engaged to audit the RRB's internal control over financial reporting as of September 30, 2025, based on criteria established in the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States. In our opinion, because of the effect of the material weakness described in the Basis for Adverse Opinion section on the achievement of the objectives of *Standards for Internal Control in the Federal Government*, the RRB has not maintained effective internal control over financial reporting as of September 30, 2025, based on criteria established in the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States.

Basis for Opinions on the Consolidated Financial Statements

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in the

Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the RRB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on Internal Control Over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. The following material weakness has been identified:

- I. Internal Control Environment
 - A. Lack of Corrective Action Plans (Modified Repeat)
 - B. Ineffective Information Technology (IT) Controls over Financial Reporting (Repeat)

We conducted our audit in accordance with GAAS and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the RRB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Sustainability Financial Statements

As discussed in Note 19 to the consolidated financial statements, the sustainability financial statements are based on management's assumptions. These sustainability financial statements show the actuarial present value of the RRB's estimated future income to be received and future expenditures to be paid using a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and meet obligations as they come due. The Statements of Social Insurance and Changes in Social Insurance Amounts are based on income and benefit formulas in current law but assume that scheduled benefits will continue after any related trust funds are exhausted. The statements of long-term fiscal projections are based on the continuation of current policy. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable for the projection period under all circumstances.

In preparing the sustainability financial statements, management considers and selects assumptions and data it believes provide a reasonable basis to illustrate whether current policy or law is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability, for example, implementation of policy changes to avoid trust fund exhaustion or unsustainable debt levels.

Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion is not modified with respect to this matter.

Related Parties

The RRB discloses transactions with related parties in Note 2 to the consolidated financial statements. The Social Security Administration and the RRB participate in an annual financial interchange (FI). The FI is intended to place the social security trust funds in the same position in which they would have been had railroad employment been covered by the Social Security Act and Federal Insurance Contributions Act. In FY 2025, the RRB trust funds realized \$6.0 billion through the FI. The Centers for Medicare & Medicaid Services (CMS) participates in the annual FI in the same manner. The RRB transferred \$716 million to CMS in FY 2025.

Responsibilities of Management for the Consolidated Financial Statements and Internal Control Over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements and Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that audits of the consolidated financial statements and internal control over financial reporting conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in

the aggregate, they would influence the judgment made by a reasonable user based on financial statements.

In performing audits of the consolidated financial statements and internal control over financial reporting in accordance with GAAS, *Government Auditing Standards*, and provisions of OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit and over financial reporting in order to design audit procedures that are appropriate in the circumstances, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the RRB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with the U.S. GAAP. An entity's internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the U.S. GAAP, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and
- (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information, such as management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS and *Government Auditing Standards*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting on Internal Control

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We identified the following material weakness described in Exhibit I.

- I. Internal Control Environment
 - A. Lack of Corrective Action Plans (Modified Repeat)
 - B. Ineffective IT Controls over Financial Reporting (Repeat)

We identified one significant deficiency described in Exhibit II.

- A. Non-Compliance with Treasury United States Standard General Ledger (USSGL) (Modified Repeat)

Material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the RRB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The RRB's Response to Audit Findings and Recommendation

The RRB's comments can be found in Exhibit III. The RRB's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. We have evaluated the RRB's responses and noted that they concurred with our findings and recommendation.

Purpose of the Reporting Required by *Government Auditing Standards*

The purpose of the communication described in the Other Reporting on Internal Control and the Report on Compliance and Other Matters sections is solely to describe the deficiencies we consider to be material weaknesses and the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

RMA Associates

Arlington, VA
December 18, 2025

Exhibit I – Material Weakness

I. Internal Control Environment

A. *Lack of Corrective Action Plans*

In FY 2024, the RRB developed a plan to implement new processes for correcting internal control deficiencies in accordance with requirements established in OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Section V. Part B, Corrective Action Plan (CAP) Requirements. The RRB's plan had two phases:

- Phase I established the process that the RRB staff must follow to correct internal control deficiencies detected during the Management Control Review cycle. The RRB implemented Phase I in June 2024.
- Phase II will establish the process that the RRB staff will follow to correct deficiencies identified during internal and external audits. The RRB will implement Phase II as resources allow.

While the RRB has implemented and documented a process for creating CAPs for internally identified internal control weaknesses, the RRB has a less formal process for tracking externally identified findings and has stated that it will begin documenting these CAPs as resources become available. The RRB began documenting CAPs for select findings identified in previous external audits. However, CAPs have not been developed for all outstanding externally identified findings.

In August 2025, management updated Phase II to focus on developing CAPs in accordance with OMB Circular A-123 for deficiencies identified by external parties, which include audit findings and recommendations identified by the Office of Inspector General (OIG) and Government Accountability Office (GAO). As part of Phase II, the RRB management will develop and document a CAP for each new audit recommendation with which the organization concurs as part of the organization's management response to draft audit reports. In September 2025, management determined that it would implement the revised Phase II in FY 2026 and target full implementation in December 2025.

According to OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Section V. Part B, Corrective Action Plan Requirements, "A summary of the corrective action plans for material weaknesses that have not been fully mitigated at the time of reporting must be included in the Agency's Agency Financial Report (AFR), Performance and Accountability Report, or other management report...The summary discussion must include a description of the material weakness, status of corrective actions, and timeline for resolution. Management must maintain more thoroughly detailed corrective action plans internally, which must be made available for OMB and audit review." Further, according to Revised OMB Circular A-50, *Audit, Inspection, and Evaluation Follow-Up*, Section III. Audit, Inspection, or Evaluation Resolution Actions, "Generally, resolution must be made within a maximum of 180 days after issuance of a final report or, in the case of audits performed by non-Federal auditors, 180 days after receipt of the report by the Federal Government."

The RRB has not met the CAP requirements set forth in OMB Circular A-123 due to a lack of resources. Because the RRB's Bureau of Fiscal Operations (BFO) has not completed their corrective actions, this finding continues to be a material weakness and the related prior year recommendations remain open and unimplemented.

Recommendation

RMA is not making any new recommendations, as the following recommendation was already made in the RRB's OIG Report 23-01.

In that report, dated November 2022, we recommended that BFO "establish a process to maintain detailed CAPs for all internal control deficiencies to comply with the requirements of the OMB A-123. Specifically, we recommended the RRB's Bureau of Fiscal Operations (RRB OIG Report 23-01, Recommendation 10):

- Communicate corrective actions to the appropriate level of the Agency and delegate authority for completing corrective actions to appropriate personnel.
- Determine the resources required to correct a control deficiency. The corrective action plan must indicate the types of resources needed (e.g., additional personnel, contract support, training, etc.), including non-financial resources, such as Senior Leadership support for correcting the control deficiency.
- Include critical path milestones that affect the overall schedule and performance of the corrective actions needed to resolve the control deficiency. Critical path milestones must lead to a date certain of the correction of the control deficiency.
- Require prompt resolution and internal control testing to validate the correction of the control deficiency.
- Ensure that accurate records of the status of the identified control deficiency are maintained and updated throughout the entire process.
- Ensure that the corrective action plans are consistent with laws, regulations, and agency policy.
- Ensure that performance appraisals of appropriate officials reflect effectiveness in resolving or implementing corrective action for identified material weaknesses.
- Fully disclose uncorrected internal control weaknesses and highlight those that are material.

B. Ineffective IT Controls over Financial Reporting

The RRB's information security program is not effective based on the FY 2025 Federal Information Security Modernization Act of 2014 (FISMA) audit. As a result, its IT controls over financial reporting were not effective. The FY 2025 FISMA audit assessed the maturity of the RRB's information security program using the FY 2025 FISMA Reporting Metrics. Results of the audit concluded that the RRB's information security program achieved a maturity rating below Managed and Measurable (Level 4). Within the context of the maturity model, OMB believes that achieving a Level 4 or above represents an effective level of security.

The RRB relies extensively on IT systems to initiate, authorize, record, process, summarize, and report financial transactions in preparing its financial statements. Internal controls over these financial reporting systems are essential to ensure the integrity, confidentiality, and reliability of critical data while reducing the risk of errors, fraud, and other illegal acts. The RRB's IT controls were ineffective in the following areas:

- Security Management;
- Access Controls;
- Configuration Management;
- Segregation of Duties; and
- Contingency Planning.

According to GAO's *Standards for Internal Control in the Federal Government*, Control Activities, Principle 11 – Design Activities for the Information System, Design of Appropriate Types of Control Activities, "Management designs appropriate types of control activities in the entity's information system for coverage of information processing objectives for operational processes. General controls include security management, logical and physical access, configuration management, segregation of duties, and contingency planning." Further, according to Design of Information Technology Infrastructure, "Management designs control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information processing by information technology."

The RRB has not implemented the necessary IT internal controls over its financial reporting systems to mitigate the potential risk of material misstatement. Without effective IT controls over financial reporting, financial systems cannot be relied upon, and the RRB's financial statements may be materially misstated.

Recommendation

Because the RRB was issued recommendations to address the FISMA audit, we are not issuing additional recommendations.

Exhibit II – Significant Deficiency

A. *Non-Compliance with Treasury USSGL (Modified Repeat)*

The RRB's BFO did not record contributions receivable in accordance with OMB and Department of Treasury (Treasury) requirements.

Specifically, we observed that when recording the RRB's contributions receivable information, BFO used incorrect debit and credit combinations for four United States Standard General Ledger (USSGL) accounts. According to BFO, there may be multiple journal entries made in relation to contributions receivable transactions that may, in combination, agree to the USSGL transactions.

In January 2025, the Deputy Chief Financial Officer initiated discussions with Treasury and OMB to determine the proper accounting treatment for two RRB-specific transactions: (1) accruing Financial Interchange (FI) related receivables or payables and (2) recording the monthly contributions received by the Department of Labor (DOL) on behalf of the RRB. The RRB included copies of email exchanges between the RRB and Treasury and OMB. However, Treasury did not provide written concurrence and instead acknowledged receipt and stated it will look into the issue and get with OMB on the budgetary side.

In July 2025, the RRB received confirmation from Treasury that the first transaction is a financial transaction unique to the RRB and the RRB should continue to post the first transaction, accruing FI related receivables or payables, as it has.

As of September 2025, the RRB followed up with Treasury to check if Treasury has come to a decision on the RRB's transaction to record contributions received by DOL on behalf of the RRB. The RRB urged Treasury to let the RRB know if Treasury needs anything else from the RRB to make a determination about the RRB's posting logic for recording this transaction. As of December 2025, Treasury has not responded to the RRB's request.

According to OMB Circular No. A-123, Appendix D, *Management of Financial Management Systems – Risk and Compliance*, Section VII. Applicability/Scope, Part E, "Transactions are posted to the financial system in accordance with the standard general ledger accounting requirements published in the USSGL supplement to the Treasury Financial Manual to permit reporting in accordance with federal accounting standards promulgated by FASAB."

BFO could not provide sufficient evidential matter that supported its rationale related to recording contributions receivable. The RRB did not record its contributions receivable in accordance with the USSGL, which may result in (1) a material misstatement in the RRB's Combined Statement of Budgetary Resources, and (2) differences between budgetary and proprietary accounts when performing tie point reconciliations. As of June 30, 2025, the contributions receivable balance was \$396 million.

Recommendation

1. We recommend the RRB's Bureau of Fiscal Operations continue working with the Department of Treasury to determine the proper accounting treatment for contributions received by Department of Labor on behalf of the RRB (i.e., contributions receivable) and provide supporting documentation of the discussions and decisions made with the Department of Treasury for auditor review.

Exhibit III – Management’s Response to Audit Report



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

OFFICE OF CHIEF FINANCIAL OFFICER

December 17, 2025

TO: Reza Mahbod
Engagement Partner
RMA Associates
4121 Wilson Blvd., Ste. 1100
Arlington, VA 22203

FROM: Shawna R. Weekley
Chair of the Executive Committee
Chief Financial Officer

SHAWNA WEEKLEY
Digitally signed by SHAWNA WEEKLEY
Date: 2025.12.17 11:59:26 -06'00'

SUBJECT: Bureau of Fiscal Operations Management Response – Draft Report on the Audit of the Consolidated Financial Statements and Internal Control Over Financial Reporting for Fiscal Year 2025

Thank you for the opportunity to review and comment on the independent auditor’s draft “Report on the Audit of the Consolidated Financial Statements and Internal Control Over Financial Reporting” for fiscal year 2025 that was issued on December 15, 2025.

We acknowledge that RMA will issue an unmodified opinion on the RRB’s consolidated financial statements and an adverse opinion on internal control of financial reporting (ICOFR). We further acknowledge that RMA identified two material weaknesses concerning the agency’s internal control environment. Specifically, lack of corrective action plans and ineffective information technology (IT) controls over financial reporting, which is the basis for the adverse opinion on the ICOFR. The Bureau of Information Services, under the purview of the Chief Information Officer, will address the ineffective IT controls over financial reporting material weakness separately.

The following is management’s response and planned corrective actions to address the material weakness, significant deficiency, and related recommendation directed to the Bureau of Fiscal Operations (BFO) under the purview of the Chief Financial Officer (CFO).

Material Weakness IA: Lack of Corrective Action Plans (Modified Repeat)

Management Response: I concur with this finding as written in the draft report.

Planned Corrective Actions: Management will continue with its plan to implement procedures for correcting internal control deficiencies in accordance with

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UNITED STATES RAILROAD RETIREMENT BOARD

requirements established in OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control, Section V, Part B, Corrective Action Plan (CAP) Requirements*. Phase I of the plan was implemented in June 2024 and included procedures for responding to internal control deficiencies identified internally. Phase II of the plan includes procedures for responding to internal control deficiencies identified by external parties like the Office of Inspector General (OIG) and Government Accountability Office (GAO).

In fiscal year 2024, we developed a two-phased plan for correcting internal control deficiencies in accordance with OMB Circular A-123. At the time, we anticipated that additional resources were required to implement Phase II of the plan because we believed that the RRB was required to implement a CAP for each open recommendation in the agency's full inventory. However, in August 2025, we revised our approach for Phase II to develop and document a CAP for each new audit recommendation with which the organization concurs and include the CAP as component of the organization's management response to draft audit reports starting in December 2025 and going forward. Shifting our approach from developing a CAP for each open recommendation in the agency's full inventory to implementation starting with draft audit reports and related recommendations from a point in time (i.e., December 2025) going forward allows us to address the intent of recommendation using existing resources. We developed the following milestones to facilitate implementation and resolution of this material weakness.

Milestone 1: The BFO will develop procedures for responding to internal control deficiencies identified by external parties.

Milestone 2: The BFO will publish the procedures for responding to internal control deficiencies identified by external parties.

Milestone 3: The CFO, who also serves as both the Chair of the Executive Committee and Audit Follow-up Official, will instruct the members of the Executive Committee (EC) to utilize the new procedure and process beginning with draft audit reports and related recommendations issued in December 2025 and going forward.

Resource Requirements: The CFO in her capacity as the agency's Audit Follow-up Official as well as the Director of Audit Affairs and Compliance Division will guide and assist EC members to ensure full implementation.

Target Completion Date: December 2025

Significant Deficiency: Non-Compliance with Treasury USSGL (Modified Repeat)

Management Response: I concur with this finding as written in the draft report.

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UNITED STATES RAILROAD RETIREMENT BOARD

Recommendation 1: We recommend the RRB's Bureau of Fiscal Operations continue working with the Department of Treasury to determine the proper accounting treatment for contributions received by Department of Labor on behalf of the RRB (i.e., contributions receivable) and provide supporting documentation of the discussions and decisions made with the Department of Treasury for auditor review.

Management Decision: Concur.

Planned Corrective Actions: Management will continue its work with the Department of Treasury (Treasury) to determine the proper accounting treatment for contributions received by Department of Labor (DOL) on behalf of the RRB. We developed the following milestones to facilitate implementation and resolution of this significant deficiency.

Milestone 1: The Deputy Chief Financial Officer (DCFO) will continue to follow-up monthly to determine whether Treasury concurs with the RRB's current method or provides new United States Standard General Ledger (USSGL) posting logic.

Milestone 2: The DCFO will update the auditors on discussions and decisions made with Treasury regarding proper accounting treatment for contributions received by DOL on behalf of the RRB.

Resource Requirements: To implement this recommendation, the BFO needs support from Treasury officials to obtain concurrence or guidance on the proper accounting treatment for contributions received by DOL on behalf of the RRB.

Target Completion Date: June 2026

We appreciate both RMA's efforts and the efforts of the OIG during this audit cycle. We will continue collaborating with RMA and the OIG to maintain open communication as we strive to resolve audit recommendations and strengthen our internal controls and financial reporting to the extent possible within our authority and in consideration of budgetary constraints.

cc: Mario Moreno, Deputy Chief Financial Officer
Danielle M. Clark, Director, Audit Affairs and Compliance Division
Elizabeth Plowiec, Accounting Officer



UNITED STATES GOVERNMENT

MEMORANDUM

FORM 8-115f (1-82)

RAILROAD RETIREMENT BOARD

December 17, 2025

TO: Reza Mahbod
Engagement Partner
RMA Associates
4121 Wilson Blvd., Ste. 1100
Arlington, VA 22203

FROM: Robert DeLuca
Chief Information Officer **ROBERT DE LUCA**

 Digitally signed by ROBERT DE LUCA
Date: 2025.12.17 13:29:03 -05'00'

SUBJECT: Bureau of Information Services Management Response – Draft Report on the Audit of the Consolidated Financial Statements and Internal Control Over Financial Reporting for Fiscal Year 2025

Thank you for the opportunity to review and comment on the independent auditor's draft "Report on the Audit of the Consolidated Financial Statements and Internal Control Over Financial Reporting" for fiscal year 2025 that was issued on December 15, 2025. The following is management's response and planned corrective actions to address the material weakness directed to the Bureau of Information Services (BIS).

Material Weakness IB: Ineffective IT Controls over Financial Reporting (Repeat)

Management Response: I concur with this finding as written in the draft report.

Planned Corrective Actions: As resources allow, the BIS will take corrective action to resolve findings and recommendations identified during the Federal Information Security Modernization Act (FISMA) audits. Specifically, the BIS will continue to work toward resolving identified deficiencies in the information security program to achieve a managed and measurable (Level 4) maturity rating. We developed the following milestones to support our efforts to resolve this material weakness.

Milestone 1: The BIS will define its resources needs to achieve a Level 4 maturity rating, to include federal or contracted personnel as well as any other relevant resources.

Milestone 2: Subject to funding availability and in consideration of other agency priorities, include the critical positions identified in milestone 1 on the staffing plan in accordance with the joint U.S. Office of Personnel Management and U.S. Office of Management and Budget (OMB) memo titled, "Guidance on Ensuring Continued Accountability in Federal Hiring".

Milestone 3: Improve the agency's IT operational funding justification to OMB and the Congress to support increased funding for the staffing and other resources required to resolve deficiencies in the information security program. Additionally, the BIS will develop public facing FISMA-related metrics that will demonstrate the agency's progress, or lack thereof, toward improving its maturity level.

Resource Requirements: We need support from OMB and Congress to obtain the funding for resources needed to resolve identified deficiencies and achieve a Level 4 maturity rating. We will also need sufficient funding in future years to sustain the Level 4 maturity rating.

Target Completion Date: Until the BIS secures required staffing and funding resources, we are unable to establish a timeline to resolve this material weakness.

We appreciate our continued partnership with RMA and the Office of Inspector General. We will continue to work toward improving our information technology controls over financial reporting to the extent possible in consideration of our staffing and budgetary constraints.

cc: Shawna R. Weekley, Chief Financial Officer
Richard Kramer, Deputy Chief Information Officer
Jerry L. Gilbert, Chief Information Security Officer
Michael Dwyer, Senior Program Manager
Danielle M. Clark, Director, Audit Affairs and Compliance Division

OTHER INFORMATION
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UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Management and Performance Challenges Facing the Railroad Retirement Board

Introduction

The Reports Consolidation Act of 2000 and the Office of Management and Budget (OMB) Circular A-136 require the Inspectors General to identify what they consider the most serious management challenges facing their respective agency and briefly assess the agency's progress in addressing these challenges.¹

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement-survivor and unemployment-sickness benefit programs for the nation's railroad workers and their families, under the Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA). As part of the retirement program, the RRB also has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage.²

The RRB administers the following benefits:

- Retirement – Under the RRA, railroad workers with at least 10 years of service can receive retirement and disability annuities. Such annuities are also payable to workers with 5 years of service if performed after 1995.
- Disability – Under the RRA, disability annuities can be paid on the basis of total or occupational disability.
- Sickness – Under RUIA, sickness benefits are paid to railroad workers unable to work because of illness or injury.
- Unemployment – Under RUIA, unemployment insurance benefits are paid to railroad workers who are unemployed but ready, willing, and able to work.
- Railroad Medicare – The Medicare program covers railroad workers just like workers covered under social security.

In fiscal year 2024, the RRB paid retirement-survivor benefits of nearly \$14.5 billion to about 483,000 beneficiaries and paid unemployment-sickness insurance benefits of approximately \$62.4 million to about 16,000 claimants. In fiscal year 2024, the RRB also paid benefits on behalf of the Social Security Administration (for which the RRB was reimbursed) amounting to \$2.6 billion to about 128,000 beneficiaries.

¹ Office of Management and Budget (OMB), *Financial Reporting Requirements*, Circular No. A-136 Revised (Washington, D.C.: July 14, 2025).

² Social Security Act (42 U.S.C § 1842(g)).

This year's management challenges are:

- Improve Agency Disability Program Integrity
- Improve Information Technology Security
- Complete Information Technology Systems Modernization
- Strengthen Controls Over Representative Payees
- Ensure Reliable Financial Statements and Internal Controls over Financial Reporting
- Improve Human Capital Management

The challenges this year include items relating to prior Office of Inspector General (OIG) concerns or those identified in prior audits, the President's Management Agenda, and areas related to the RRB's core mission.³ Many of this year's challenges have been included in prior statements.

Challenge 1 - Improve Agency Disability Program Integrity

RRB must ensure: (1) accurate and timely determinations of eligibility of an applicant for a disability annuity, early Medicare coverage, and a disability freeze, and (2) annuitants remain eligible to continue benefits by careful and cost-effective monitoring.⁴

Why is this a challenge?

The consequences of the untimely processing of disability applications could immediately impact railroad workers and their families who are unable to work and might struggle to pay essential living expenses (e.g., food, clothing, housing, and medical care). As of October 2024, the cost of the RRB's disability program was approaching \$708 million per year in benefit payments. The potential for fraud and abuse in the RRB's disability program remains high due to challenges in: (1) disability workloads and staffing levels, (2) timeliness of initial disability decisions, and (3) effective continuing disability reviews (CDR). Historically, the RRB's disability program has been a target for wrongdoers and its occupational disability program with its attractive payout and less challenging approval criteria.

Disability Workloads and Staffing Levels

In the RRB's fiscal year 2026 budget justification to Congress, RRB management indicated that inadequate staffing levels created backlogs of initial disability decisions and post adjudicative actions, impacting the accuracy of retirement/survivor, disability, and unemployment/sickness benefit payments. RRB management also indicated that RRB's public-facing field offices have experienced a significant 18.4 percent year-over-

³ The President's Management Agenda is undergoing revision and was not published at the time of this report, <https://www.performance.gov/pma/>.

⁴ The freeze provision of the Social Security Act protects disabled workers and their families against the loss of, or the reduction in benefits because of the worker's disability.

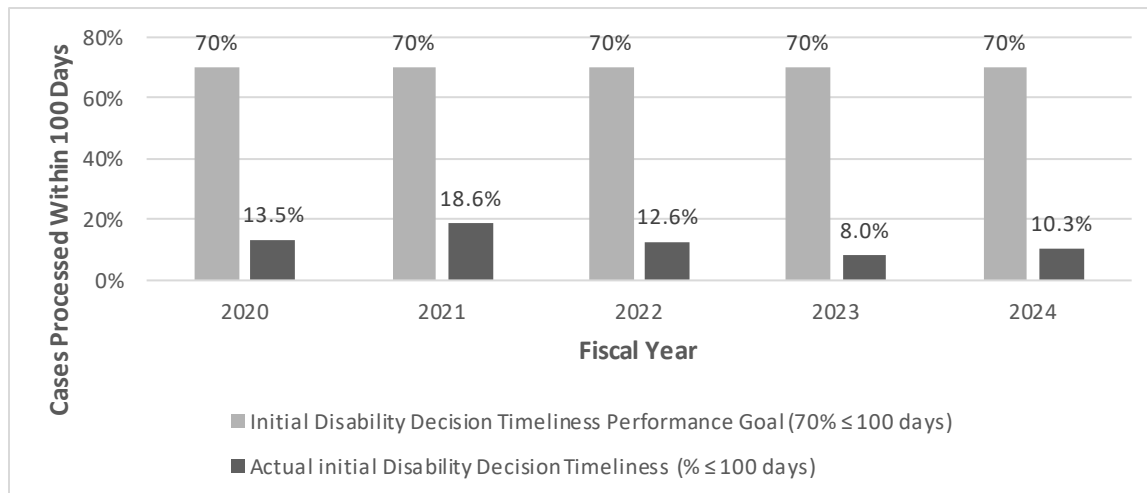
year increase in federal benefit applications and claims receipts. During the same period, the number of applications pending per employee rose by 30 percent, resulting in an average national backlog of 7,440 retirement benefit cases across field offices.

While prioritizing initial age and service retirement benefit awards has been largely successful, it has impacted the disability program. As of June 2025, the RRB had 2,017 cases pending an initial disability decision and 3,055 early Medicare (disability freeze) cases pending decision. In addition, the prioritization of initial payment awards led to backlogs in cases requiring post award adjustment (i.e., a revision or modification to a benefit payment because of income changes that did not fully process through RRB's automated systems). The inability to address these items, timely, reduces benefit payment accuracy. As of April 4, 2025, RRB had a total of 90,105 pending retirement post award actions.

Timeliness of Initial Disability Decisions

The RRB did not accomplish one of the agency's strategic performance goals for initial disability decision timeliness.⁵ As shown in Figure 1, in fiscal year 2024, the RRB made just 10.3 percent of initial disability decisions within 100 days of the application filed date, which continued to be significantly lower than the 70 percent performance goal. This was the second lowest performance in the last five years.

Figure 1. Timeliness of Initial Disability Decisions



Source: RRB's fiscal year 2023, and fiscal year 2024 Performance and Accountability Report (PAR), Justification of Budget Estimates for fiscal year 2025 (Congressional Justification (CJ)).

⁵ Per the RRB's fiscal year 2024 Performance and Accountability Report (PAR), the timeliness performance goal II-A-7 is the following: *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 filed (Measure: % ≤ 100 days).*

Continuing Disability Reviews

The RRB is statutorily required to periodically review a disability annuitant's impairment(s) and work activity to determine if the annuitant continues to be entitled to disability benefits.⁶ The RRB calls this evaluation a CDR. At the start of fiscal year 2024, there were 824 pending CDR actions. During fiscal year 2024, the Disability Benefits Division developed and completed 388 pending items. Of the 388 actions completed, 122 required detailed reviews because of a potential impact to entitlement or payment.

Improvements in the RRB's oversight of CDRs will help minimize disability overpayments and improve disability program integrity. The completion of CDRs has impacted the performance of the RRB's disability program. Total and occupational disability awards, valued at approximately \$708 million in fiscal year 2024, (\$448 million for occupational disability and \$260 million for total disability) are at risk of fraud and abuse.⁷

Assessment of the Progress the Railroad Retirement Board Has Made

In the RRB's fiscal year 2024 Performance and Accountability Report (PAR), RRB management discussed what they have done to improve disability program integrity with their limited but proactive resources.

RRB management explained that program integrity is taken very seriously in light of its dire budget situation and staffing shortages. RRB added some staff to its disability examiner units in fiscal year 2023 and in fiscal year 2024, they completed their training phase, resulting in commensurate workload improvements. RRB has since reduced its pending initial disability cases down to 2,425 from 2,524. Similarly, its 3,075 early Medicare, i.e., disability freeze cases, pending as of March 2024 have dropped to 2,954. In fiscal year 2024, RRB completed 10.3 percent of initial disability decisions within their goal of 100 days, representing a 2 percent improvement over fiscal year 2023.

However, RRB's ability to issue timely decisions and decrease its pending cases will not occur without increased staffing levels or modernization of its processes. And, its ability to implement corrective action plans is also constrained by staffing shortages.

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue increasing the staffing levels or modernize its process to improve the timeliness of initial disability decisions and the effectiveness of the CDR program.

⁶ RRB regulations in 20 Code of Federal Regulations § 220.185 through 187 and 220.15 through 20 describe the broad categories of circumstances when the RRB will conduct a continuing disability review and the frequency of review of disability determinations under the Railroad Retirement Act.

⁷ A railroad employee is considered occupationally disabled if the physical or mental condition is such that the employee is permanently disabled for work in his or her regular railroad occupation, even though the employee may be able to perform other kinds of work.

- The RRB needs to continue implementing corrective action plans.
- The RRB needs to work on reducing and eliminating the pending disability cases.
- The RRB needs to work with OMB and the Office of Personnel Management (OPM) to acquire the necessary resources to address its disability program weaknesses or make necessary organizational changes to overcome this challenge.

Challenge 2 – Improve Information Technology Security

RRB must ensure that its information technology (IT) systems are secure and its sensitive data is protected.

Why is this a challenge?

For over 20 years in a row, auditors concluded that the RRB's information security program was not effective. Secure IT systems are vital to support the RRB's ability to meet its core mission and to transform its core business processes and services while safeguarding information. RRB systems contain personally identifiable information, such as social security numbers, which, if not protected, could be subject to inappropriate disclosures. Disruptions to the integrity or availability of RRB's information systems could dramatically impact its ability to serve the public and achieve its mission.

In the RRB OIG's audit of the RRB's compliance with the Federal Information Security Modernization Act of 2014 (FISMA) for fiscal year 2024, the auditors determined that the RRB sustained, or continued to improve, the core FISMA Inspector General metrics reviewed in the audit.⁸ Although the RRB continued to improve its information security program, the majority of cybersecurity framework functions were rated below the level of "Managed and Measurable" (Level 4), which is how OMB, the Department of Homeland Security (DHS), and Council of the Inspectors General on Integrity and Efficiency define an effective information security program.

Assessment of the Progress the Railroad Retirement Board Has Made

The RRB continues to emphasize the need for improving its cybersecurity. Regarding IT security as a whole, the RRB continued to progress towards a compliant information security program as a component of its Strategic Goal III, *Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources*. Through this strategic objective, the RRB is setting the tone that it must ensure effectiveness, efficiency, and security of operations.

In its fiscal year 2026 budget justification to Congress, RRB management indicated that it continues to progress towards a compliant [and effective] information security program

⁸ RRB Office of Inspector General (OIG), *Audit of the Railroad Retirement Board's Compliance with the FISMA of 2014 for Fiscal Year 2024*, Report No. 25-03 (Chicago, IL: February 24, 2025).

to improve its security posture while proactively addressing emerging guidance including executive orders, operational directives, and emergency directives. RRB explained that it has partnered with DHS with a goal designed to improve the RRB's information security program through continuous monitoring of vulnerabilities, hardware and software management, configuration management, and privileged account management.

As explained in its fiscal year 2024 PAR, RRB management implemented an automated solution by using the Department of Justice's cybersecurity tool to manage risk effectively. Additionally, the RRB continued addressing open findings and also implemented an information security continuous monitoring strategy through the DHS. Further, the RRB developed a Zero Trust Architecture Strategy pursuant to Executive Order 14028, *Improving the Nation's Cybersecurity*, issued on May 12, 2021. The RRB's strategy is designed with a goal to improve the RRB's cybersecurity posture for its cloud-computing environments and includes controls for multi-factor authentication, data encryption, and conditional access management.

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue improving IT security to ensure it will eventually reach the overall maturity goal of Managed and Measurable (Level 4), thus an effective information security program.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to develop a Single Sign-On (SSO) with Role-Based Access to efficiently simplify its access control and streamline navigation through system consolidation.
- The RRB needs to work with OMB and OPM to acquire the resources required to safely secure its information technology systems or make necessary organizational changes to overcome this challenge.

Refer to Appendix A for the relevant report for this challenge.

Challenge 3 – Complete Information Technology Systems Modernization

RRB must complete its ongoing initiatives to modernize its IT systems to accomplish its mission, despite budget and resource constraints.

Why is this a challenge?

An ever-increasing challenge to the RRB's system modernization efforts, is the loss of its institutional and technological knowledge through the separation of its workforce. Since 2018, the RRB's information technology staffing levels have dropped by 34 percent. The loss of its workforce has hindered its ability to provide daily operational support and to begin its application modernization, as the mission of the RRB is supported by more than 200 applications and its 30-year-old mainframe. RRB risks

unnecessarily expending its critical agency funds to attempt full-scale application modernization with its ongoing lack of staffing and technology. Further, its budget cuts have necessitated an agency wide hiring freeze and have limited its ability to acquire critical IT skillsets or to purchase the technology needed to continue its modernization efforts.

The RRB OIG recently contracted with an independent consulting firm to perform a risk assessment of RRB programs. The assessment showed elevated risks in information technology systems. These elevated risks were caused by:

- RRB staff navigating multiple benefit payment processing systems for daily tasks, which can increase the likelihood of data entry errors, inaccurate applications, and inaccurate claims processing, potentially leading to security issues.
- The fragmented system environment may lead to inconsistent data across platforms, complicating data reconciliation efforts and decision-making processes.
- The reliance on multiple systems could increase IT maintenance costs and system downtime, further straining resources and affecting operational service delivery.
- Complex system navigation may complicate staff training and onboarding, exacerbating the risk of reduced staff productivity.
- The reliance on the mainframe's Common Business-Oriented Language (COBOL) operating system, which necessitate extensive training for staff to operate effectively and specialized knowledge base is required to perform maintenance functions.
- The challenges in onboarding new "COBOL" employees.
- The need for specialized maintenance knowledge which could increase IT maintenance costs and system downtime, potentially resulting in processing delays and late benefit payments.
- The transition to self-service systems, if not managed effectively, may face integration challenges with existing COBOL systems, risking disruptions in service delivery.

Assessment of the Progress the Railroad Retirement Board Has Made

RRB formally adopted a strategic plan for IT modernization in fiscal year 2023. The agency aligned its goals and objectives with its focus on enabling a mobile and distributed RRB workforce to improve the customer experience and secure and optimize IT operations to deliver a seamless digital experience. During fiscal year 2024, the RRB updated its modernization plan to clarify the performance measures needed to address three areas of its modernization program: 1) technical management, 2) program management, and 3) agile performance.

To address these COBOL issues, RRB is in the planning stages of implementing self-service processes within its field office operations. These improvements aim to

empower beneficiaries to make changes and submit applications online, reducing the need for direct intervention by field office staff and streamlining the overall process.

In fiscal year 2024, the RRB also established a subcommittee focused on its IT modernization program and reporting to the Executive Committee. This subcommittee will provide recommendations and identify business priorities the IT modernization program should address and will establish processes and procedures directed towards modernizing agency operations and realizing cost savings and avoidance of waste.

The RRB is also planning to research the establishment of customer feedback loops to gather insight on its user experience and fine tune its systems and applications. The RRB will also measure the adoption of its online services by monitoring website traffic analytics and submission rates of self-service forms.

While significant effort is being made, RRB management expressed significant concern that critical funding is needed to obtain the resources needed to fully execute its modernization effort and address key findings.

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue working on their IT modernization efforts.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to create a Cross-System Accountability Matrix. This matrix will cover its functional responsibilities for data entry including updates, reviews, approvals, and other tasks across all benefit systems.
- The RRB needs to establish a Unified Case Management Platform. This platform will serve to consolidate its data views from different legacy systems into a single user interface with workflow capabilities.
- The RRB needs to modernize its legacy applications incrementally and use modern interfaces with its COBOL systems to minimize disruption and cost and reduce complexity.
- The RRB needs to work with OMB and OPM to acquire additional resources directed towards an efficient modernization or make necessary organizational changes to overcome this challenge.

Refer to Appendix A for the relevant report for this challenge.

Challenge 4 – Strengthen Controls Over Representative Payees

RRB must ensure that its most vulnerable annuitants (e.g., its elderly, youth, disabled, and handicapped) are well protected and safeguarded from fraud, waste, and abuse. During fiscal years 2023 and 2024, the RRB paid \$256.5 million and \$260.6 million to 11,977 and 11,697 representative payees, respectively.

Why is this a challenge?

RRB OIG identified significant concerns potentially impacting the safety and welfare of the RRB annuitants when a representative payee was appointed to oversee the annuitant's finances. This occurs when an annuitant cannot properly manage or handle their own benefit payments due to a physical or mental impairment. Some of the concerns identified were inadequate monitoring of representative payee spending, not securing a vendor for a new background check system after the previous contract had expired, and not establishing a written policy for determining what would classify an applicant as a high-risk representative payee.⁹ RRB was found to be not fully compliant with its required procedures, as representative payee documentation for its appointment and monitoring processes were not always complete or uploaded to its documentation [imaging] system.

These issues occurred primarily because RRB either lacked policies and procedures, did not adhere to them, or its representative payee monitoring process was inadequate. Limited RRB staffing resources and inadequate training also factored into the cause.

RRB OIG issued numerous recommendations to address these issues.

In addition to the previous concerns, the RRB OIG determined that the RRB's Bureau of Field Service (BFS) transferred its representative payee monitoring responsibilities to RRB's Program Evaluation and Management Services (PEMS) during fiscal year 2022. This transition was not fully effective and the subsequent monitoring responsibilities were not performed timely. As a result, the RRB's program integrity for representative payee monitoring was negatively impacted, and there was an increased risk that annuitants' benefits could have been misused during fiscal year 2022.

Assessment of the Progress the Railroad Retirement Board Has Made

RRB management concurred with all recommendations and has since completed corrective action on seven of the recommendations. The corrective actions taken by the RRB strengthened applicable procedures, internal controls, and background checks.

With regard to the BFS transferring responsibilities to PEMS, RRB management concurred with all recommendations and indicated that they implemented corrective actions to address seven recommendations and will request closure soon. Additionally, they plan to implement corrective actions for the remaining two recommendations by December 31, 2025.

RRB management indicated that PEMS has since achieved 99 percent timeliness with its 120-day timeliness standard. RRB management has also made extensive revisions to reflect the separate PEMS and BFS' field office responsibility actions in the monitoring process. PEMS will also continue to use its internal procedure guidelines when handling returned representative payee and parental monitoring forms. RRB

⁹ Background checks are required to ensure the representative payee does not have a criminal record.

management indicated that all of its program integrity and evaluation specialists have now been provided with access to a third party system used to conduct background checks.

At the time of this statement, PEMS had six program integrity and evaluation specialists assigned to the representative payee project, which is considered the minimum amount of staff needed to handle the responsibilities in a timely manner. This situation is being closely monitored by RRB management and if just one employee is lost, adjustments in priorities or assistance from BFS may be needed.

What the Railroad Retirement Board Needs to Do

- The RRB needs to establish risk criteria to identify and closely monitor its high-risk representative payees to protect its most vulnerable annuitants.
- The RRB needs to work with OMB and OPM to acquire the adequate resources needed to ensure the safety of its annuitants and maintenance of its representative payee internal controls or make necessary organizational changes to overcome this challenge.

See Appendix A for the relevant reports for this challenge.

Challenge 5 – Ensure Reliable Financial Statements and Internal Controls over Financial Reporting

RRB must ensure a reliable financial reporting system and provide financial statements that present fairly the financial condition of the RRB.

Why is this a challenge?

RRB has not received an unmodified (clean) opinion on its annual agency wide financial statements since 2012. An unmodified opinion is when the auditor concludes that the financial statements are presented fairly, in accordance with the United States (U.S.) Generally Accepted Accounting Principles. For its fiscal year 2024 financial statements, the RRB received a disclaimer of opinion and separately received an additional disclaimer of opinion on its internal controls over financial reporting.¹⁰ Disclaimers are issued when the auditor cannot express an opinion. The primary reason for the fiscal year 2024 disclaimers were due to the RRB's inability to provide sufficient appropriate evidential matter to the auditors. Overall, the RRB's fiscal year 2024 financial statements audit included five material weaknesses and one instance of noncompliance.

¹⁰ The independent financial statement auditor issued its report on November 15, 2024.

Five Material Weaknesses

On November 15, 2024, a total of three new recommendations were made to address five material weaknesses regarding scope limitations, the internal control environment, and financial reporting.

Scope Limitations – the auditor determined that one material weakness existed regarding the RRB’s scope limitation. The scope limitations were due to a lack of access to the National Railroad Retirement Investment Trust’s (NRRIT) audit results (repeat finding).

Internal Control Environment – the auditor identified two material weaknesses in the internal control environment, including an ineffective internal control program (modified repeat finding), and ineffective IT controls over financial reporting (repeat finding).

Financial Reporting – the auditor determined that two material weaknesses existed regarding the RRB’s financial reporting, including issues with preparing and reviewing financial reports (modified repeat finding), and noncompliance with the Treasury United States Standard General Ledger (repeat finding).

Compliance with Laws and Regulations

The results of the auditor’s tests disclosed one instance of noncompliance with laws and regulations, including an ineffective contract closeout process (repeat finding).

RRB’s financial management issues are prominent and may adversely affect the economy, efficiency, and effectiveness of its operations. Sound financial management practices would help to improve RRB’s accountability over its extensive resources, support more efficient management of these resources, and help ensure the railroad community continues to have access to its earned benefits.¹¹ As of September 30, 2024, the RRB’s assets were approximately \$36 billion. As of the same day, the RRB’s obligations for all of fiscal year 2024 were reported at \$17.1 billion according to USAspending.gov, ranking it 28th highest in spending, out of 107 listed agencies.¹²

Assessment of the Progress the Railroad Retirement Board Has Made

RRB management accepts its responsibilities to ensure a reliable financial reporting system and to provide financial statements that present fairly the financial condition of the RRB. RRB management demonstrated significant improvement for its fiscal year 2024 financial statements. The agency reduced its material weaknesses from 12 to 5 (58 percent improvement) and its reported instances of noncompliance from 3 to 1 (66 percent improvement).

¹¹ During fiscal year 2024, the RRB paid benefits to about 483,000 beneficiaries.

¹² USAspending.gov is the official source for spending data for the U.S. Government.

For its fiscal year 2025 financial statements, the final audit opinions have not been published because the audit of those financial statements and the audit of the internal controls over financial reporting are in progress. They will not be published until after November 15, 2025.

What the Railroad Retirement Board Needs to Do

- RRB needs to finalize any approved changes to the RRB's reporting requirements with the Department of Treasury for the assets held by NRRIT.
- RRB needs to continue to strengthen its financial reporting quality assurance and clarify its proper accounting treatment for complex transactions.
- RRB needs to continue implementing its corrective action plans.

Refer to Appendix A for the relevant report for this challenge.

Challenge 6 - Improve Human Capital Management

To accomplish its mission, handle the persistent administrative workload, and provide outstanding customer service, the RRB has an ongoing need to efficiently manage its human capital resources and to hire, develop, and retain its employees.

Why is this a challenge?

As reported by the RRB, significant staff losses and inadequate staffing levels have created backlogs of initial disability decisions and post adjudicative actions, which impacted the accuracy of retirement/survivor, disability, and unemployment/sickness benefit payments.¹³ In addition, the agency's increase in aged backlogs and extended processing delays have resulted in reduced customer satisfaction and an increase in phone inquiries, which exceeded the capacity of the RRB's field office employees. Lastly, insufficient staffing and job duty dependency across the agency have led the RRB to allocate resources to satisfy federal mandates or short-term agency priorities, rather than performing activities with long-term benefits or to satisfy its strategic goals.

Funding and Resource Planning Challenges

In the fiscal year 2026 budget justification to Congress, RRB management indicated that the President's fiscal year 2026 budget request included \$126 million which supports an estimated 703 full-time equivalents (FTEs). This budget request places funding levels at an insufficient level for the third consecutive fiscal year. The 703 FTEs under the proposed \$126 million budget request is 141 FTEs fewer than what is needed to sustain the agency's mission essential functions.

¹³ In the fiscal year 2026 budget justification to Congress, the RRB indicated that (as of June 2025) there were 2,017 initial disability cases pending decision and 3,055 early Medicare (Disability Freeze) cases pending decisions.

Impacted Bureaus and Offices

The RRB's Bureau of Information Services leads the agency's IT modernization program and manages all aspects of IT and information management. This bureau has experienced a 47 percent decrease in staffing since 2019, requiring it to pause its modernization efforts and resulting in system lapses and delays in necessary programming changes.

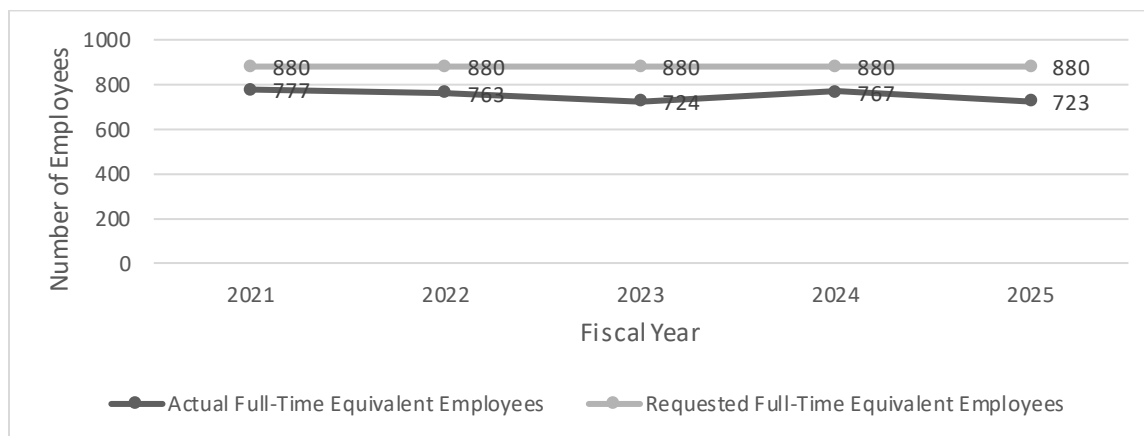
BFS employees handle a myriad of customer inquiries including those for retirement, disability, sickness, unemployment, and survivor benefits, claim applications, Railroad Medicare coverage, Social Security benefits for railroad workers, and tax withholding. Despite rising workloads, field office staffing levels have declined by 10 percent, since fiscal year 2017. There has also been a hiring freeze since September 2023. As of June 24, 2025, 23 of the 53 RRB's field offices (43 percent) are expected to reach critically low levels due to anticipated retirements. These field offices risk mission failure unless staffing levels are substantially increased.

Agency-wide Impact

With its reduced staff and insufficient IT funding, the RRB has experienced significant processing delays and backlogs. As of April 4, 2025, the RRB had 90,105 pending retirement post award adjustments. This backlog of pending workload items represents railroad retirement beneficiaries who have either been overpaid or underpaid for many years. The resultant backlogs and processing delays decrease customer satisfaction and magnify the volume of unnecessary telephone inquiries and in-person service requests, further exceeding the available capacity of the RRB's field office employees.

As shown in Figure 2, over the past five years, the RRB's available FTEs have continued to decline.

Figure 2. Railroad Retirement Board Full-Time Equivalent Employees (Actual and Agency Requested)



Source: RRB's CJ for fiscal years 2021 through 2026. The FTEs excludes staffing for the OIG, and the fiscal year 2025 FTEs are estimated by RRB.

In the RRB's Strategic Plan 2026-2030, RRB explained that its administrative budget is identified as the single most important risk factor. According to the RRB, stagnant budgets, compounded by the necessity to absorb unfunded pay increases, have led to a nearly 18 percent decline in staffing, from 853 in fiscal year 2017 to a projected 703 for fiscal year 2026 if the RRB's budget remains static. The RRB's overburdened staff and loss of institutional knowledge has resulted in an environment where its remaining staff cannot efficiently perform statutorily required tasks. And nearly one third or 32 percent of the RRB's most knowledgeable employees could retire immediately or sometime between fiscal year 2026 through fiscal year 2030. This future attrition risk is anticipated to further erode its institutional knowledge, technical skills, and abilities, and severely limit its progress towards achieving its strategic goals and objectives.

The RRB OIG recently contracted with an independent consulting firm to perform a risk assessment of RRB programs. The assessment showed elevated risks in human capital management. Overall, the assessment showed that, across its various benefit paying programs, RRB is experiencing resource constraints and a shortage of staff necessary to maintain day-to-day operations. This staffing deficit could lead to additional delays in processing and potentially compromise the integrity of its internal control processes, which are critical for ensuring accurate and secure transactions.

Additionally, the firm determined that:

- Resource constraints may lead to ineffective oversight of critical control areas, heightening the risk of fraud and improper payments.
- The staffing shortages may result in claims processing delays, potentially affecting the timely disbursement of benefit payments.
- Resource constraints may strain existing employees, leading to burnout and further reducing operational efficiency and control effectiveness.
- All of the RRB's benefit-paying programs are incurring budget constraints, which limit the resources available for its program improvements.
- Incompatibility between the strategic goals of its benefit-paying programs and its budgeting plan for needed improvements exacerbates the situation and hinders its ability to allocate resources effectively.
- Strategic planning and operational improvement initiatives may be inhibited without a clear linkage between the strategic goals and budgeting plan.
- Financial uncertainty restricts investment in innovative solutions, potentially compromising the effectiveness and reliability of internal controls.

Assessment of the Progress the Railroad Retirement Board Has Made

The RRB has made progress in the management of its human capital and continues to aggressively pursue its necessary budgeting. In RRB's Strategic Plan 2026-2030, RRB management outlined its planned efforts:

- The RRB will strive to implement the key elements of the Federal Merit Hiring Plan.¹⁴ By doing so, the RRB's recruitment and hiring processes will become more efficient and focused through hiring based on merit, practical skill, and dedication to our Constitution.
- The RRB will engage with the General Services Administration (GSA) to plan and design a new headquarters facility that meets required occupancy standards while ensuring critical services are fully supported. The RRB will continue to collaborate with GSA to identify suitable cost-effective space options that balance the RRB's need to recruit and retain qualified employees for all locations.
- The RRB will reduce the operational risks associated with continued reliance on COBOL programming language, and develop an iterative plan that considers available budgetary resources to transition to a Low-Code No-Code platform.¹⁵
- The RRB will explore the use of effective, mission-enabling artificial intelligence to benefit the nation's railroad workers and their families, and improve the effectiveness and efficiency of operations.

In its management response to its prior year challenges, the RRB agreed that to accomplish its mission the RRB needs to hire and retain its employees. With its limited budget, the RRB explained that it has been forced to continue its existing hiring freeze and the insufficient funding levels have resulted in unacceptable delays in service to the rail employees and annuitants who have paid into the railroad retirement system their entire careers.

To address its rising attrition rates and budget shortfall, the RRB's internal policy requires that each Executive Committee member establish a Human Capital Plan, containing a hiring, succession, and training plan. The RRB recently completed its fiscal year 2025 Human Capital Plan summarizing its workforce and the succession planning data and analysis for each Bureau and Office.

The Board has requested approximately \$170 million for its fiscal year 2026 limitation on administration appropriation. This request level would permit the RRB to improve rail industry services, coordinate benefits, and ensure its constituents continue to receive benefits. The agency's request level would fund approximately 844 FTEs and provide \$6 million for its IT modernization efforts. The request is supported by the RRB's Human Capital Plan and the increased staffing would directly improve its services to the railroad community while addressing its strategic goals. The staffing investment would also serve to offset the RRB's delays in processing disabilities, post awards, and rate adjustments.

¹⁴ In accordance with Executive Order 14170, *Reforming the Federal Hiring Process and Restoring Merit to Government Service and the Merit Hiring Plan (MHP)*, issued on May 29, 2025.

¹⁵ As outlined in Executive Order 14243, *Stopping Waste, Fraud, and Abuse by Eliminating Information Silos*, issued on March 20, 2025.

What the Railroad Retirement Board Needs to Do

- The RRB needs to be aware that a wave of retirements for critical positions can increase the RRB's succession risk, which can increase the risk of noncompliance with laws, regulations, or federal mandates.¹⁶
- The RRB needs to continue updating the Human Capital Plan annually, including its hiring, succession, and training plans.
- The RRB needs to continue working closely with OMB and OPM to develop long-range plans for hiring.
- The RRB needs to continue to proactively use its available artificial intelligence tools to offset its staffing deficit and maximize the efficiency of its available FTEs.
- The RRB needs to consider the deployment of Robotic Process Automation bots to handle high-volume repetitive tasks freeing staff for higher-value activities.
- The RRB needs to collaborate with other federal agencies for resource-sharing in specialized roles like IT or claims validation.
- The RRB needs to establish a continuous improvement team to assess the cost-effectiveness of controls, using key performance indicators and return on-control metrics.
- The RRB needs to use government-approved cloud solutions (e.g., FedRAMP) to reduce infrastructure and maintenance costs.

Refer to Appendix A for the relevant report for this challenge.

Through audits, investigations, and other follow-up activities, we will continue our oversight of the challenges discussed in this letter.

(Original Signed By)

Shanon E. Holman
Assistant Inspector General for Audit
Principal Deputy Performing the Duties of the Inspector General

October 17, 2025

¹⁶ Per GAO-24-105545, the RRB's human capital plan defines a critical position as one that presents an unacceptable operational risk to the agency's mission if it remains unfilled.

APPENDIX A: REPORTS

Please visit <https://www.rrb.gov/OurAgency/InspectorGeneral/Library> for our reports.

Improve Information Technology Security

- Railroad Retirement Board (RRB) Office of Inspector General (OIG), *Audit of the Railroad Retirement Board's Compliance with the FISMA of 2014 for Fiscal Year 2024*, Report No. 25-03 (Chicago, IL: February 24, 2025).

Complete Information Technology Systems Modernization

- RRB OIG, *Audit of the Utilization of Information Technology Modernization Funds at the Railroad Retirement Board as of Fiscal Year 2023*, Report No. 24-04 (Chicago, IL: March 6, 2024).

Strengthen Controls Over Representative Payees

- RRB OIG, *Audit of the RRB's Representative Payee Program Fiscal Year 2023 - Fiscal Year 2024*, Report No. 25-07 (Chicago, IL: June 12, 2025).
- RRB OIG, *Management Information Report-RRB's Representative Payee Monitoring Progress and Status: Fiscal Year 2020-Fiscal Year 2022*, Report No. 25-06 (Chicago, IL: June 6, 2025).

Ensure Reliable Financial Statements and Internal Controls over Financial Reporting

- RRB OIG, *Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2024*, Report No. 25-01 (Chicago, IL: November 15, 2024).

Improve Human Capital Management

- RRB OIG, *Audit of the Railroad Retirement Board's Organizational Structure and Field Service Operations*, Report No. 24-03 (Chicago, IL: February 8, 2024).

MANAGEMENT'S COMMENTS

These are management's comments on the Management and Performance Challenges identified by the Railroad Retirement Board (RRB) Office of Inspector General (OIG).

Challenge 1 – Improve Agency Disability Program Integrity

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue increasing the staffing levels or modernize its process to improve the timeliness of initial disability decisions and the effectiveness of the Continuing Disability Review (CDR) program.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to work on reducing and eliminating the pending disability cases.
- The RRB needs to work with the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) to acquire the necessary resources to address its disability program weaknesses or make necessary organizational changes to overcome this challenge.

Management's Comments to Challenge 1:

We appreciate the opportunity to review OIG's assessment of our challenges in regard to RRB's disability benefits program. However, for another consecutive year, we observe that OIG's narrative in this section incorrectly references distinct workloads as if they were directly related to the disability program. In order to ensure clarity for readers, we begin our response with a clarification of the numbers and workloads referenced by OIG:

- *The "18.4 percent" increase in applications identified by OIG describes initial work, across all application types, received by the Bureau of Field Service; only a fraction of these applications will make their way to the Disability Benefits Division within the Office of Programs (which is separate from the Bureau of Field Service).*
- *Similarly, the reference of a "national backlog of 7,440 retirement benefit cases across field offices" actually refers to 7,440 cases across all workloads addressed by Field Service, not retirement benefit cases specifically (again, only a fraction will end up in the disability workload addressed by the Office of Programs).*
- *Notably, the "18.4 percent" and "7,440 cases" referenced by the OIG are data points from RRB's fiscal year 2026 budget justification which further explains that the Bureau of Field Service's staffing is at its lowest point on record. The disability workload is addressed by the Office of Programs, which is also dealing with significant staffing declines.*
- *OIG describes the RRB's progress on age and service retirement benefits as negatively impacting the disability workload and, as support for this conclusion, observes that "as of June 2025, the RRB had 2,017 cases pending an initial disability decision." However, the OIG's narrative in subsection "Assessment of the Progress..." reveals that 2,017 actually represents significant improvement as it is a more than 400 case (or ~17 percent) decrease in RRB's prior pending case level (2,425).*
- *This report, like the prior one, discusses retirement post award actions as if they are part of the work performed by the Disability Benefits Division, but, as observed in the RRB's*

response to last year's OIG report, such post award work is not limited to disability cases and is instead performed by the Retirement and Survivor Benefits Division.

In regard to the timeliness of initial disability decisions, the RRB acknowledges OIG's observation that the agency continues to fall short of its stated goal to make 70 percent of decisions within 100 days of the application file date. As the OIG is aware, this goal has not changed for many years despite the agency's significant, and increasing, resource challenges. For that reason, we are clarifying that completing 70 percent of initial disability decisions within 100 days of the application date is a longstanding aspirational goal. As observed by OIG, the RRB will not be able to substantially improve the timeliness of this work without increasing staffing levels or modernizing technology; these actions cannot be initiated without Congressional approval of additional agency funding. In the interim, the agency will amend its stated timeliness goal to better align with current fiscal realities.

Although we emphasize agency accomplishments in regard to decreasing the number of pending initial disability decisions, we acknowledge the additional challenges posed by our Continuing Disability Review (CDR) and disability freeze workloads. However, as with timeliness, the RRB's ability to implement corrective action plans is constrained by insufficient resources. We appreciate the OIG drawing attention to the fact that the RRB is unable to make substantial gains across disability workloads without additional resources and the support of OMB and OPM.

Challenge 2 – Improve Information Technology Security

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue improving information technology (IT) security to ensure it will eventually reach the overall maturity goal of Managed and Measurable (Level 4), thus an effective information security program.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to develop a Single Sign-On (SSO) with Role-Based Access to efficiently simplify its access control and streamline navigation through system consolidation.
- The RRB needs to work with OMB and OPM to acquire the resources required to safely secure its IT systems or make necessary organizational changes to overcome this challenge.

Management's Comments to Challenge 2:

We appreciate the OIG's thorough evaluation of our IT Security environment and acknowledgment of the improvement in our fiscal year 2025 core Federal Information Security Modernization Act (FISMA) Inspector General metrics and efforts we've taken to sustain yearly improvements of our information security program. The RRB is fully aware and committed to working toward an overall maturity level of Managed and Measurable (level 4) and the following are a few examples of our efforts toward this goal.

First, understanding that a fully integrated enterprise-wide Risk Management Program is required for the agency to manage risk effectively, the agency implemented an automated solution in fiscal year 2025 using the Department of Justice's Joint Cybersecurity Authorization

Management Governance, Risk, and Compliance tool. This tool provides a centralized, enterprise-wide (portfolio) view of risks across the organization, including risk control and remediation activities, dependencies, risk scores/levels, risk management roles and responsibilities, an information security architecture strategy, an enterprise-wide configuration plan, and management dashboards.

RRB can achieve modern, secure Single Sign-On (SSO) with Role-Based Access Control by leveraging Entra ID as the primary identity provider, Active Directory Federation Services (ADFS) for legacy applications, and Zscaler as the Zero-Trust enforcement layer. Together, these components provide seamless authentication, centralized role management, and identity-driven access to internal and external applications. Microsoft Entra ID and ADFS have already been established and the RRB is piloting Zscaler with Cybersecurity and Infrastructure Security Agency's Continuous Diagnostics and Mitigation advanced network protection solution.

Additionally, the RRB continued addressing open findings as well as implementing an information security continuous monitoring strategy through the Department of Homeland Security Cybersecurity & Infrastructure Security Agency Continuous Diagnostic and Mitigation Group F Program. These actions directly and positively impact our ability to improve the overall risk management posture for the agency. Further, through these efforts, we addressed and closed 99 Plan of Action and Milestones, which included 16 OIG findings during fiscal year 2025.

Preliminary Cyberscope audit results, a part of the fiscal year 2025 FISMA audit, indicate that OIG's contract auditor, Castro & Company, recognized the RRB is sustaining progress on all the core metrics from the prior year at consistently implemented (level 3). Additionally, the RRB is continuing to refine our roadmap to successfully implement a full Zero-Trust architecture as well as maximize its performance against the measured FISMA controls as it continues to modernize its enterprise. The RRB's goal is to reach the overall maturity goal of Level 4 – Managed and Measurable and, if possible, in light of budgetary constraints and other agency priorities may include pertinent Information Technology (IT) positions in its annual staffing plan pursuant to the OPM and OMB memorandum, Guidance on ensuring Continued Accountability in Federal Hiring. However, increased funding and staffing resources are necessary to sustain our cybersecurity systems and overall security posture.

Challenge 3 – Complete Information Technology Systems Modernization

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue working on their IT modernization efforts.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to create a Cross-System Accountability Matrix. This matrix will cover its functional responsibilities for data entry including updates, reviews, approvals, and other tasks across all benefit systems.
- The RRB needs to establish a Unified Case Management Platform. This platform will serve to consolidate its data views from different legacy systems into a single user interface with workflow capabilities.
- The RRB needs to modernize its legacy applications incrementally and use modern interfaces with its COBOL systems to minimize disruption and cost and reduce complexity.

- The RRB needs to work with OMB and OPM to acquire additional resources directed towards an efficient modernization or make necessary organizational changes to overcome this challenge.

Management's Comments to Challenge 3:

We appreciate the OIG's recognition of the budget and staffing challenges the RRB is facing as the agency advances IT system modernization efforts. Critical funding is needed to obtain the resources to fully execute the modernization effort and address key findings. As outlined in our Strategic Plan, the focus of our current and near future projects reaffirms our commitment to improve overall mission support to the RRB and the rail community. Improving services for our constituents, enabling an agile workforce, and securing the enterprise are critical outcomes that will continue to move the agency forward in the years to come. To realize these outcomes, adequate funding will be paramount to our success. The absence of future funding to the agency's IT Modernization Program will effectively stop all modernization initiatives. Insufficient financial resources will render the agency unable to increase staffing and bring on new skillsets, such as artificial intelligence, or procure new tools and services to rapidly implement new cloud-based opportunities. A sufficient operating budget is needed to recruit for new skillsets as well as upskill our current staff and afford the RRB with opportunities to continue our modernization efforts as outlined within this document.

While the RRB has been successful in stabilizing its infrastructure, it has become increasingly difficult to maintain the pace of modernization as the agency lost much of its institutional knowledge through the separation of an overwhelming percentage of its workforce. The loss of our workforce has hindered our ability to provide daily operational support and begin application modernization. The mission of the RRB is supported by over 200 applications running on a mainframe, which adds to the complexity of modernization efforts. A risk to our goals is the agency's current lack of resources. We struggle yearly to fund our operational cloud costs, as we call "hybrid costs," as the early modernized components of our enterprise continue to require sustainment. We anticipate needing to purchase new cloud tools and services to create the necessary framework and governance around a modernized, unified data model and the appropriate resources to establish open-source platforms for application modernization. We are currently not able to improve the quality of our customer data, which impacts our program integrity efforts as well as monitoring and reporting capabilities that allow for data-driven agency decisions and workload prioritization. The agency is severely under-resourced enterprise-wide. The loss of institutional knowledge, insufficient staffing levels, and outdated technology prevent full-scale application modernization, which would streamline business processes and improve customer service. The appropriation the RRB received in fiscal year 2024 and fiscal year 2025 have necessitated a hiring freeze agency-wide and have limited our ability to contract for critical skillsets or purchase the needed technology to continue our modernization efforts. While the RRB will complete the stabilization phase of our approach program, budgetary uncertainty has halted efforts to plan, build, and execute further modernization progress.

Challenge 4 – Strengthen Controls Over Representative Payees

What the Railroad Retirement Board Needs to Do

- The RRB needs to establish risk criteria to identify and closely monitor its high-risk representative payees to protect its most vulnerable annuitants.
- The RRB needs to work with OMB and OPM to acquire the adequate resources needed to ensure the safety of its annuitants and maintenance of its representative payee internal controls or make necessary organizational changes to overcome this challenge.

Management's Comments to Challenge 4:

In this report, the OIG observes that the RRB has been highly responsive to recent audit recommendations. However, regarding the OIG's observation that the agency's transition of this workload "was not fully effective and the subsequent monitoring responsibilities were not performed timely," management notes that the underlying audit report was released nearly three years after the audit period. Moreover, the audit only covered the first year of the agency's transition of this workload from Field Service to the Program Evaluation and Management Services. As a result, many of the recommendations had already been implemented by the time the report was issued. As noted by the OIG in this report, RRB management had extensively revised monitoring responsibilities and ensured that all program integrity and evaluation specialists had access to a third-party system to conduct background checks. Additionally, the agency has since achieved 99 percent timeliness in this workload.

Although management appreciates the OIG's acknowledgement that the corrective actions taken by the RRB strengthened applicable procedures, internal controls, and background checks, we emphasize their conclusion that the agency requires additional resources to adequately ensure annuitant safety, maintain internal controls over representative payees, and implement necessary organizational changes. We also thank the OIG for highlighting the fact that the RRB cannot make further enhancements to this workload without the necessary funding and the support of OMB and OPM.

Challenge 5 – Ensure Reliable Financial Statements and Internal Controls over Financial Reporting

What the Railroad Retirement Board Needs to Do

- RRB needs to finalize any approved changes to the RRB's reporting requirements with the Department of Treasury for the assets held by the National Railroad Retirement Investment Trust (NRRIT).
- RRB needs to continue to strengthen its financial reporting quality assurance and clarify its proper accounting treatment for complex transactions.
- RRB needs to continue implementing its corrective action plans.

Management's Comments to Challenge 5:

We successfully worked with the Department of the United States Treasury to implement a reporting structure change for the assets held by the NRRIT. This change was made with concurrences from OMB and the Government Accountability Office. Effective for the fiscal year

2025 Financial Report of the United States Government (Financial Report), the assets held by the NRRIT were no longer consolidated in the RRB's financial statements. Instead, the NRRIT is a separate standalone consolidation entity, and its assets will be consolidated directly in the governmentwide reporting level for the purposes of the Financial Report consistent with Statement of Federal Financial Accounting Standards 47: Reporting Entity. As a result, RRB's financial statements auditors issued an unmodified audit opinion and reported that the RRB's consolidated financial statements presented fairly, in all material respects, the financial position of the RRB as of September 30, 2025, and its net cost, changes in net position, and combined budgetary resources for the year then ended, in accordance with accounting principles generally accepted in the United States. That marks the first time since 2012 that the RRB has earned an unmodified (clean) audit opinion on its consolidated financial statements.

Additionally, during the fiscal year 2025 audit cycle, the RRB reduced the number of material weaknesses from five to two, closed two significant deficiencies, and had no reported instances of non-compliance. The RRB will continue strengthening internal controls and implementing corrective action plans to ensure a reliable financial reporting system and provide financial statements that present fairly the agency's financial condition.

Challenge 6 - Improve Human Capital Management

What the Railroad Retirement Board Needs to Do

- The RRB needs to be aware that a wave of retirements for critical positions can increase the RRB's succession risk, which can increase the risk of noncompliance with laws, regulations, or federal mandates.
- The RRB needs to continue updating the Human Capital Plan annually, including its hiring, succession, and training plans.
- The RRB needs to continue working closely with OMB and OPM to develop long-range plans for hiring.
- The RRB needs to continue to proactively use its available artificial intelligence tools to offset its staffing deficit and maximize the efficiency of its available Full-Time Equivalents (FTEs).
- The RRB needs to consider the deployment of Robotic Process Automation bots to handle high-volume repetitive tasks freeing staff for higher-value activities.
- The RRB needs to collaborate with other federal agencies for resource-sharing in specialized roles like IT or claims validation.
- The RRB needs to establish a continuous improvement team to assess the cost-effectiveness of controls, using key performance indicators and return on-control metrics.
- The RRB needs to use government-approved cloud solutions (e.g., FedRAMP) to reduce infrastructure and maintenance costs.

Management's Comments to Challenge 6:

The RRB acknowledges its ongoing need to effectively manage human capital resources to hire, develop, and retain employees, and agrees with this assessment. The agency is also aware that a wave of retirements in critical positions increases succession risk, which in turn raises the potential for noncompliance with laws, regulations, or federal mandates. However, this is not a new challenge, as a significant number of employees have been retirement eligible for several years. Due to budgetary constraints in fiscal year 2024, the RRB implemented a hiring freeze

that continued through fiscal year 2025. This freeze was compounded by a full-year continuing resolution that maintained the agency's budget at fiscal year 2024 levels. Looking ahead, the RRB anticipates a flat budget for fiscal year 2026, which remains significantly below the level needed to effectively carry out its mission.

With a \$126 million budget, the agency will be forced to severely limit hiring and internal promotions. Although the RRB received a modest increase to its administrative budget in 2022, it was not sufficient to restore needed staffing levels to meet operational demands. A decade of constrained funding has contributed to significant delays in service for rail employees and annuitants who have contributed to the railroad retirement system their entire careers. The RRB remains hopeful that executive and legislative action will result in increased funding to support the hiring necessary to deliver the levels of service its customers deserve.

As the RRB evaluates its current and future human capital needs, it is critical to implement strategies that recruit, develop, and retain a skilled and ready workforce. These strategies must align with the Administration's Merit Hiring Plan and support the agency's mission and commitment to the railroad community. Strategic workforce management is increasingly important, as the number of employees eligible to retire remains high and the agency has experienced an attrition rate above the governmentwide average for at least the past three years. Currently, 30 percent of our employees have 20 or more years of service, and 25 percent of the workforce is eligible to retire in fiscal year 2026.

RRB's policy requires each Executive Committee member to maintain a Human Capital Plan (HCP) for their organization, updated annually, which includes a Hiring Plan, Succession Plan, and Training Plan. The HCPs are developed using workforce analysis tools and data provided by the Bureau of Human Resources. The consolidated HCP incorporates input from office and bureau to prioritize workforce needs across the agency. The RRB recently completed a modified fiscal year 2026 HCP exercise in conjunction with the development of the RRB's Agency RIF and Reorganization Plan, summarizing workforce and succession planning data collected from each bureau and office.

RRB has been updating our procedures to comply with various new hiring requirements from the Administration such as implementing OPM's new Merit Hiring Plan, forming a Strategic Hiring Committee, and developing an Annual Staffing Plan to be submitted for approval by OPM and OMB.

To address the staffing deficit and maximize the efficiency of available FTEs, the RRB is exploring how artificial intelligence (AI) can support key operational areas. These tools are being evaluated for their potential to streamline office automation tasks and support the maintenance of legacy coding systems. The agency has not yet begun to assess how AI could assist with claims processing, automate document classification, or enhance fraud detection capabilities. However, the implementation of AI solutions remains contingent upon securing adequate funding and technical resources, which continue to be constrained under current budgetary conditions. In parallel, the RRB recognizes the value of Robotic Process Automation (RPA) in reducing the burden of high-volume, repetitive tasks such as data entry, benefit calculations, and compliance monitoring. This would allow staff to focus on higher-value activities, including customer service and policy development. However, implementing RPA solutions depends on securing adequate funding and technical resources, which remain constrained under current budgetary conditions. In addition, with the agency's IT modernization funds depleted, funding of hybrid IT costs will now be absorbed into RRB's administrative budget, such that the RRB's ability to recruit and hire employees will be drastically constrained.

Given the specialized nature of roles such as IT and claims validation, the RRB is pursuing collaborative partnerships with other federal agencies to share expertise. These interagency efforts aim to reduce duplication, enhance service delivery, and ensure continuity in mission-critical functions despite staffing limitations.

Finally, the RRB continues to migrate eligible systems to government-approved cloud platforms, including FedRAMP-authorized solutions. This transition is essential for reducing infrastructure and maintenance costs, improving scalability, and strengthening the agency's cybersecurity posture. However, hybrid cloud costs and legacy system dependencies remain significant challenges without sustained financial investment.

Payment Integrity Information Act Reporting

The Improper Payments Information Act of 2002 (IPIA) (Pub. L. 107-300), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) (Pub. L. 111-204), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA) (Pub. L. 112-248) required agencies to annually report information on improper payments to the President and Congress through their annual Performance and Accountability Reports.

In 2019, the Payment Integrity Information Act (PIIA) became law. PIIA revoked, reorganized, and revised several existing improper payments statutes including IPIA, IPERA, IPERIA, and the 2015 Fraud Reduction and Data Analytics Act (FRDAA) into a single subchapter in the U.S. Code. On March 5, 2021, a revised version OMB Circular No. A-123 Appendix C (M-21-19) was released to implement the PIIA requirements. This updated guidance transformed the payment integrity compliance framework and created a more comprehensive and meaningful set of requirements to allow agencies to spend less time complying with low-value activities and more time researching the underlying causes of improper payments, balancing payment integrity risks and controls, and building the capacity to help prevent future improper payments. In addition, OMB Circular A-136 clarified, and streamlined reporting requirements. As a result, Payment Integrity Information is collected separately by OMB through their Annual Data Call. The RRB follows OMB's Annual Data Call guidance to determine which Payment Integrity information is required to be reported, and the results of this can be found on OMB's website: www.paymentaccuracy.gov.

The RRB has benefit paying and non-benefit paying programs. The benefit paying programs consist of railroad retirement and survivor benefit (RRA) payments and railroad unemployment and sickness insurance benefit (RUIA) payments. Non-benefit paying programs include vendor payments and employee payments (payroll, travel, and other reimbursable expenses). The RRB's benefit paying and non-benefit paying programs have consistently fallen below the statutory thresholds for "significant improper payments" as defined by the PIIA. As a result, these programs operate under Phase 1 guidance under OMB Circular A-123, Appendix C (M-21-19), which places them in a three-year risk assessment cycle unless there are major changes to the program that would require an earlier assessment.

The RRB conducted a Risk Assessment for the RUIA program in fiscal year 2025 and results will be posted to www.paymentaccuracy.gov.

The RRA program conducted a Risk Assessment in fiscal year 2023 and results concluded that the program continues to remain below the statutory thresholds for "significant improper payments" under the PIIA and remains in Phase 1. The results of this Risk Assessment are available on www.paymentaccuracy.gov. The next Risk Assessment for the RRA program is scheduled for FY 2026.

The Non-Benefit Paying Programs (Vendor and Employee Payments) conducted Risk Assessments in fiscal year 2023 and results concluded that none of the programs were susceptible to making improper or unknown payments above the statutory threshold. Risk Assessments for non-benefit paying programs are on a three-year cycle and the next assessment is scheduled for fiscal year 2026. All interested parties may visit www.paymentaccuracy.gov to access more comprehensive Payment Integrity information relating to RRB's non-benefit paying programs.

Summaries of Financial Statement Audit and Management Assurances

SUMMARY OF FINANCIAL STATEMENT AUDIT					
Audit Opinion	Unmodified				
Restatement	No				
Material/Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Lack of access to NRRIT audit results	1		1		0
Ineffective Internal Control Program (Lack of Corrective Action Plans)	1				1
Ineffective Information Technology (IT) Controls over Financial Reporting	1				1
Preparing and Reviewing Financial Reports	1		1		0
Non-Compliance with Treasury USSGL	1		1		0
Total Material Weaknesses	5	0	3	0	2

SUMMARY OF MANAGEMENT ASSURANCES						
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Modified					
Material/Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Lack of access to NRRIT audit results	1		1			0
Ineffective Internal Control Program (Lack of Corrective Action Plans)	1					1
Ineffective Information Technology (IT) Controls over Financial Reporting	1					1
Preparing and Reviewing Financial Reports	1		1			0
Non-Compliance with Treasury USSGL	1		1			0
Total Material Weaknesses	5	0	3	0	0	2
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems Conform					

Civil Monetary Penalty Adjustment for Inflation

The RRB published its 2025 civil monetary penalty inflation adjustment on January 13, 2025 (90 Fed. Reg. 2758). The maximum civil penalty under the Program Fraud Civil Remedies Act was increased to \$14,308, and the penalty range under the False Claims Act was increased to a minimum penalty of \$14,308 and a maximum penalty of \$28,618.

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APPENDICES

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Appendices

Glossary of Acronyms and Abbreviations

B

BCA	Budget Control Act of 2011
BFO	Bureau of Fiscal Operations

C

CARES	Coronavirus Aid, Relief, and Economic Security
CDM	Continuous Diagnostics and Mitigation
CERT	Comprehensive Error Rate Testing
CMS	Centers for Medicare & Medicaid Services
COLA	Cost-of-Living Adjustment
COR	Contracting Officer's Representative

D

DBD	Disability Benefits Division (RRB)
DHS	Department of Homeland Security

E

EFT	Electronic Fund Transfer
ERS	Employer Reporting System

F

FAR	Federal Acquisition Regulations
FBWT	Fund Balance With Treasury
FECA	Federal Employees' Compensation Act
FMFIA	Federal Managers' Financial Integrity Act
FI	Financial Interchange
FMIS	Financial Management Integrated System
FSIO	Financial Systems Integration Office
FTR	Federal Travel Regulations
FY	Fiscal Year

G

GAO	Government Accountability Office
GSA	General Services Administration

I

IT	Information Technology
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012

IPIA	Improper Payments Information Act
IRS	Internal Revenue Service
<u>L</u>	
LMS	Learning Management System
<u>M</u>	
MCR	Management Control Review
<u>N</u>	
NRRIT	National Railroad Retirement Investment Trust
<u>O</u>	
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
<u>P</u>	
PAR	Performance and Accountability Report
<u>R</u>	
RBD	Retirement Benefits Division (RRB)
RESCUE	Recalculate for Service and Compensation Updated to EDM
ROC	Retirement On-Line Calculations
RR	Railroad Retirement
RRA	Railroad Retirement Act
RR Account	Railroad Retirement Account
RRB	Railroad Retirement Board
RRSIA	Railroad Retirement and Survivors' Improvement Act of 2001
RUI	Railroad Unemployment Insurance
RUIA	Railroad Unemployment Insurance Act
RUI Account	Railroad Unemployment Insurance Account
<u>S</u>	
SFFAS	Statement of Federal Financial Accounting Standards
SI	Sickness Insurance
SMAC	Specialty Medicare Administrative Contractor
SOSI	Statement of Social Insurance
SPEED	System Processing Excess Earnings Database
SPS	Secure Payment System
SSA	Social Security Administration
SSEB	Social Security Equivalent Benefit

I

Treasury

Department of the Treasury

U

UI

Unemployment Insurance

USC

United States Code

Railroad Retirement Board (RRB)
Board Members, Inspector General, and Executive Committee

Board Members

Chairman	Erhard R. Chorlé
Labor Member	John Bragg
Management Member	Thomas Jayne

Office of Inspector General

Inspector General	Vacant
Assistant Inspector General for Audit and Principal Deputy Performing the Duties of the Inspector General	Shanon E. Holman

Executive Committee

Chair of the Executive Committee/Chief Financial Officer	Shawna R. Weekley
Director of Administration	Jack Schreibman
Chief Actuary	Keith T. Sartain
Chief Information Officer	Robert De Luca
Director of Field Service	Mark E. Blythe
Director of Programs	Jebby Rasputnis
General Counsel	Ana M. Kocur

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