

ADMINISTRATION OF THE RAILROAD RETIREMENT SYSTEM

ADMINISTRATION

The railroad retirement system is based on three Federal laws: the Railroad Retirement Act, the Railroad Unemployment Insurance Act, and the Railroad Retirement Tax Act. The first two of these Acts are administered by the Railroad Retirement Board, and the third, by the Internal Revenue Service of the U.S. Treasury. The Board also participates in the administration of the Federal Medicare health insurance program. In past years, the Board assisted in the administration of certain employee protection provisions of the Regional Rail Reorganization Act, the Northeast Rail Service Act, the Milwaukee Railroad Restructuring Act, and the Bankrupt Railroad Service Preservation and Employee Protection Act.

An independent agency in the executive branch of the Federal Government, the Board is administered by three members appointed by the President, with the advice and consent of the Senate. By law, one member is appointed upon recommendation of railroad labor organizations, one upon recommendation of railroad employers, and the third member, the Chair, is, in effect, independent of employees and employers and represents the public interest. The terms of office are five years and are arranged so as to expire in different calendar years. The President also appoints an Inspector General for the Board.

The primary function of the Board is the determination and payment of benefits under the retirement-survivor and unemployment-sickness programs. To this end, the Board 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 operate the data processing equipment and administer the automated programs needed to maintain earnings records, calculate benefits and process payments.

The Board also employs actuaries to predict the future income and outlays of the railroad retirement trust funds, statisticians and economists to provide vital data, and attorneys to interpret legislation and represent the Board in litigation. Internal administration requires a procurement staff, a budget and accounting staff, and personnel specialists. The Inspector General employs auditors and investigators to detect any waste, fraud or abuse in the benefit programs.

The headquarters of the Board is located at 844 North Rush Street, Chicago, Illinois 60611-2092 and the Board maintains field offices across the United States in localities easily accessible to large numbers of railroad workers.

Relations Between the Board and Other Government Agencies

As an independent agency in the executive branch of the Federal Government, the Board has many dealings with a number of other Federal agencies and with some State agencies. Its dealings with some of these agencies, such as the President's Office of Management and Budget, the Office of Personnel Management, the General Accounting Office, and the Department of the Treasury, are similar to the dealings of other executive branch agencies with these units. The Board's relations with certain others—principally, the Social Security Administration, the Centers for Medicare & Medicaid Services, State employment security departments and, on a smaller scale, the Department of Labor—are related directly or indirectly to the various benefit programs.

The Board's relationship with the Social Security Administration is particularly extensive because of the coordination between the two systems. Railroad retirement annuities may be based in part on social security credits and social security benefit amounts awarded after 1974 to railroad retirement annuitants are made through the Board as part of combined railroad retirement-social security monthly benefit payments.

The Board and the Social Security Administration have an interagency agreement providing for system-to-system access between the two agencies. This allows Board computer systems to access information as it is needed, thus improving customer service and reducing errors.

Relations Between the Board and Congress

The Board has numerous contacts with the Congress as a whole and with its individual members and committees. It sends the President an annual report on its operations which is submitted to the Congress and, on request, supplies additional information on the Board's programs. Officials of the Board testify at congressional hearings on proposed legislation to amend the Railroad Retirement and Railroad Unemployment Insurance Acts, and the Board prepares reports on such legislation. Congress has jurisdiction over the amounts available to the railroad retirement system for benefit payments and for administration.

Relations Between the Board and Railroads

The administrative organization of the Board fosters close relations with railroad employers, employees and their representatives. As mentioned earlier, two of the Board's three members are appointed on the recommendations of railway labor and management associations, and labor and management officials have been active in the development of the railroad retirement and unemployment insurance programs since their inception.

In addition, the Board relies on labor groups and railroad employers for assistance in keeping railroad personnel informed

about the Board's benefit programs. The Board conducts informational programs for railroad labor and management officials to acquaint them with the details of the benefit programs and their reporting responsibilities. These officials, in turn, educate railroad workers as to their benefit rights and responsibilities.

Railroad employers and railway labor groups also cooperate with the Board in a joint placement program to find jobs for unemployed personnel. These joint placement efforts help to reduce the costs of the unemployment insurance program.

The Board has direct contact with railroad employees through its field offices where its personnel explain benefit rights and responsibilities on an individual basis, assist employees in applying for benefits, provide related services for annuitants and answer any questions related to the benefit programs.

Through various publications and press releases, the Board disseminates, as widely as possible, information on its operations and the provisions of the laws it administers. Its publications include annual reports, triennial actuarial valuations, and benefit booklets and leaflets.

Budget Estimates

Each year, Congress specifies in an appropriation act how much of the money derived from employer and employee taxes the Board may spend to administer the benefit programs. The appropriation is based on budget estimates prepared by the Board. The requested appropriation is sent to the Congress at the same time it is sent to the President's Office of Management and Budget. In addition, as explained in the retirement financing chapter, the level of certain dual benefit payments for a fiscal year is determined by the Federal budget and appropriations process.

Relation of Administrative Costs to Benefit Payments

The Board has always had an exceptionally good record of administrative economy. Total administrative expenses currently

average about one percent of benefit payments, despite the complexity of the Railroad Retirement Board's programs.

PROGRAM INTEGRITY

Railroad employees, by and large, are honest and law abiding, but any large group may include a few persons who either deliberately or through lack of knowledge seek benefits to which they are not entitled. Various procedures for detecting and discouraging such actions include reviews of employer records for work on days claimed as days of unemployment or sickness and checks with State agencies to detect duplication of benefit payments. The Board has wage matching agreements with all 50 States, the District of Columbia and Puerto Rico, covering the entire rail population. Electronic data exchange programs with railroads as well as Federal and State agencies have significantly enhanced the Board's capability to detect fraud and abuse of the railroad unemployment and sickness insurance system. A 75-day disqualification is applied in all cases in which fraud is discovered. In some cases, prosecution is also recommended.

Other program activities designed to protect the railroad retirement trust funds include the investigation of uncashed annuity checks, matches with the Social Security Administration and the Centers for Medicare & Medicaid Services, and development of an on-line system to monitor railroad retirement/social security trust fund transfers. In addition to conducting audits of the Board's operations, the Inspector General's Office identifies and refers cases for prosecution of individuals who commit fraud against the Board's benefit programs.

ADMINISTRATIVE IMPROVEMENTS

The Board has implemented a number of other initiatives to improve operations, make the most of financial resources and provide the best possible service to the public. These include a toll-free

Help Line (1-800-808-0772), an Internet web site (www.rrb.gov) and e-mail and voice mail in all field offices.

In its Strategic Plan prepared in accordance with the Government Performance and Results Act of 1993, the Board outlined its three main goals: (1) provide excellent customer service; (2) safeguard the trust funds through prudent stewardship; and (3) use technology and automation to foster fundamental changes that improve the way the agency does business.

CUSTOMER SERVICE PLAN

The Board's Customer Service Plan is centered on the following principles of customer service: standards; openness; accessibility; and accountability. In arriving at this plan, the Board considered the findings of a customer satisfaction survey, the results of focus group research, and responses received on point-of-service evaluation forms. The plan described here is periodically reviewed and updated to ensure that the agency is providing realistic service delivery expectations to its customers.

Standards

- We will be courteous and treat you with respect every time you contact us.
- The information you provide us is protected under the provisions of the Privacy Act.
- When you inquire with us by letter, you will receive a reply within 15 days of the date we receive your inquiry. If for any reason we cannot reply within that time frame, we will acknowledge your letter and tell you how long it will be before we can answer your questions fully.
- If you filed for a railroad retirement employee or spouse annuity in advance, you will receive your first payment, or a decision, within 35 days of the beginning date of your annuity. If you have not filed in advance, you will receive your first payment, or a decision, within 65 days of the date you filed your application.

- If you filed for a railroad retirement survivor annuity or lump-sum benefit, you will receive your first payment, or a decision, within 65 days of the date you filed your application, or became entitled to benefits, if later. If you are already receiving a spouse annuity, you will receive your first payment, or a decision, within 35 days of the date we receive notice of the employee's death.
- If you filed an application for unemployment or sickness insurance benefits, you will receive a claim form, or a decision, within 15 days of the date you filed your application.
- If you filed a claim for unemployment or sickness insurance benefits, you will receive your payment, or a decision, within 15 days of the date we receive your claim form.
- If you filed for a railroad retirement disability annuity, you will receive a decision within 105 days of the date you filed your application. If you are entitled to disability benefits, you will receive your first payment within 25 days of the date of our decision, or earliest payment date, whichever is later.
- If you think we made the wrong decision about your benefits, you have the right to ask for review and to appeal. We will tell you about these rights each time we make an unfavorable decision about your benefits.
- Claims for some benefits may take longer to handle than others if they are more complex, or if we have to get information from other people or organizations. If this happens, we will give you an explanation and an estimate of the time required to make a decision.

Openness

- We will display in each office how well we are meeting the established standards.
- When you visit our offices, the staff you see will identify themselves by name.
- When you telephone us, we will identify ourselves by name.

- Our letters will be easy to understand, and, unless the letter is a computer notice, the person writing to you will give you his or her name.

Accessibility

- When you telephone us, you will reach us on the first try.
- When visiting us, you will be helped within 5 minutes of your scheduled appointment.
- You will not have to wait more than 30 minutes if you do not have an appointment.
- If you cannot come to our office, we may be able to visit you at home or at one of our regularly scheduled service locations.

Accountability

- If things go wrong, at the very least you are entitled to a good explanation and an apology.
- A customer assessment survey form is available in every office for you to tell us how we did and how we can improve our service.
- If you are not satisfied with our service, you may contact the manager of the office with which you have been dealing, or the Regional Director who is responsible for that office. Their names and addresses are available in each office.