RAILROAD RETIREMENT BOARD

FISCAL YEAR 2019

BUDGET SUBMISSION

SEP 1 1 2017

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

Dear Mr. Mulvaney:

Enclosed is our budget request for fiscal year 2019. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

The agency's request level in the enclosed budget reflects the direct funding of $142.5 million and provides funding to maintain 850 full time equivalents (FTEs). The RRB recognizes the ongoing need and responsibility to manage our human capital resources effectively through focused workforce planning and talent management efforts combined with identifying information technology (IT) improvements and initiatives to better support a leaner agency, while achieving the agency's mission. This budget level would allow our agency to continue IT investment efforts by providing approximately $18.9 million, which will fully address each of our proposals as put forth in our Agency Reform Plan in accordance with OMB Guidance M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Workforce." In our Agency Reform Plan, we have proposed six significant IT solutions to improve organizational efficiency and effectiveness that include modernizing legacy systems, enterprise infrastructure solutions, enhancing on-line and telecommunications customer self-service tools, establishing an electronic imaging and records system, and consolidation of mainframe services.

In compliance with guidance in OMB Memorandum M-17-28, dated July 7, 2017, our fiscal year 2019 budget submission also includes two additional levels: an OMB guidance level and an OMB guidance with 5 percent investment level.

The OMB guidance level of the budget totals $111.2 million, and provides sufficient funding for 744 FTEs, 12.3 percent less than the requested maintenance staffing level. Budget projections show that the agency would need to evaluate all available options to include attrition, buyouts, furloughs and reduction in force to reach this FTE level. This funding level would not allow the agency to continue with proposed IT investments and therefore would halt efforts to modernize our legacy systems that also promote compliance with the President's Executive Order, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure, dated May 11, 2017*.

The OMB guidance with five percent investment level of the budget totals $116.8 million and provides minimal funding for 744 FTEs, but allow us to invest $5.561 million into two investment projects. Enterprise Infrastructure Solutions, a $2.4 million project that supports the agency's migration to modern telecommunications and information technology services, and, $3.161 million for the Legacy Systems Modernization Services (LSMS) project aimed at modernizing critical benefit payment systems. Funding toward these projects is critical to execution of our Agency's Reform Plan as well as compliance with the previously referenced Presidential Executive Order.

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2019 costs of vested dual benefits, $18 million, with a 2 percent reserve of $360,000. The RRB also requests $937,580,475 for applicable military service credits through December 2015, with interest through September 1, 2017.

Finally, included in the budget submission are three agency legislative proposals. The first would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies. The second would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency. The final would amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and waive the customary fee for the RRB.

As required by Section 1108(c) of Title 31, United States Code, we certify that all statements of obligations furnished to OMB in connection with our requests for proposed appropriations for fiscal year 2019 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Original signed
(Vacant), Chairman
Walter A. Barrows, Labor Member
Steven J. Anthony, Management Member

September 11, 2017

Enclosure

SEP 1 1 2017

The Honorable Michael R. Pence
President of the Senate
S-212 Capitol Building
Washington, D.C. 20510

Dear Mr. President:

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Sincerely,

Original signed
(Vacant), Chairman
Walter A. Barrows, Labor Member
Steven J. Anthony, Management Member

September 11, 2017

Enclosure

cc: Honorable Thad Cochran
     Chairman, Senate Committee on Appropriations

     Honorable Patrick J. Leahy
     Ranking Member, Senate Committee on Appropriations

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

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

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

SEP 1 1 2017

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

Dear Mr. Speaker:

Enclosed is our budget request for fiscal year 2019. We are also submitting our request
concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act.
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will submit a separate request concerning its needs.

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and provides funding to maintain 850 full time equivalents (FTEs). The RRB recognizes the
ongoing need and responsibility to manage our human capital resources effectively through
focused workforce planning and talent management efforts combined with identifying
information technology (IT) improvements and initiatives to better support a leaner agency,
while achieving the agency's mission. This budget level would allow our agency to continue IT
investment efforts by providing approximately $18.9 million, which will fully address each of
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Sincerely,

Original signed
(Vacant), Chairman
Walter A. Barrows, Labor Member
Steven J. Anthony, Management Member

September 11, 2017

Enclosure

cc: Honorable Rodney P. Frelinghuysen
     Chairman, House Committee on Appropriations

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

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

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

RAILROAD RETIREMENT BOARD
FISCAL YEAR 2019 BUDGET SUBMISSION

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RAILROAD RETIREMENT BOARD
FISCAL YEAR 2019 BUDGET SUBMISSION

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RAILROAD RETIREMENT BOARD

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

The Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to establish a Social Security Equivalent Benefit (SSEB) Account beginning October 1, 1984. The SSEB Account, which is separate from other railroad retirement accounts, is used to record revenues and expenditures related to social security equivalent portions (similar to "tier I" amounts) of railroad retirement annuities. Accordingly, funds in the SSEB Account are used to pay social security equivalent benefits and related administrative expenses. A social security equivalent benefit is the portion of a railroad retirement annuity that corresponds to an amount calculated under social security formulas, but is based on combined railroad retirement and social security credits.

The following amounts are included as revenue to the SSEB Account:

(1) payroll taxes,
(2) income taxes attributable to taxation of the social security portion of railroad retirement annuities,
(3) financial interchange transfers from the social security trust funds provided by Section 7(c) of the Railroad Retirement Act,
(4) interest on uncashed checks, and
(5) return on investments.

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

In a relatively small number of cases, the railroad retirement system does not pay benefits when social security would pay benefits. In these cases, mainly dependent children of retired railroad employees, the SSEB Account collects an amount through the financial interchange but does not pay a corresponding benefit. This imbalance between outgo and income is relatively small in any particular year. Section 15A(d)(2) of the Railroad Retirement Act, as amended, provides that amounts in the SSEB Account not needed for payment of current benefits and administrative expenses will be transferred to the National Railroad Retirement Investment Trust or the Railroad Retirement Account.

Requested appropriation

The table on pages 2 and 3 identifies the estimated budget authority and outlays for this account for fiscal years 2017 through 2027, based on the Office of Management and Budget's (OMB) FY 2017 mid-session economic assumptions, issued July 2016. The estimates reflect current law.

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

Analysis of Resources
(in thousands of dollars)

	2017	**2018**	**Current services** **2019**
Budget authority…………..	7,246,000	7,527,000	7,764,000
Outlays……………………..	7,242,000	7,497,000	7,748,000

	2020	**2021**	**2022**	**2023**	**2024**
Budget authority:					
Current services………….	7,971,000	8,172,000	8,350,000	8,515,000	8,669,000
Outlays:					
Current services………….	7,952,000	8,159,000	8,338,000	8,505,000	8,659,000

Note: In March 2017, the RRB paid social security equivalent benefits to 439,000 beneficiaries. The RRB estimates that in March 2018 and 2019, the agency will pay these benefits to 444,000 and 440,000 beneficiaries, respectively.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	2025	**2026**	**2027**
Budget authority:			
Current services………………..	8,819,000	8,971,000	9,127,000
Outlays:			
Current services………………..	8,809,000	8,961,000	9,116,000

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RAILROAD RETIREMENT BOARD

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

Under the Railroad Retirement Act, the RRB pays retirement and disability annuities to qualified railroad workers. Supplemental annuities are payable to career railroad employees with service before October 1981. Annuities are also payable to spouses and divorced spouses of retired workers and to widows, widowers, children, and certain other survivors of deceased railroad workers. There are also provisions for lump-sum benefits. Qualified railroad retirement beneficiaries are also covered by Medicare in the same way as social security beneficiaries.

The Railroad Retirement Account funds the above-described benefits in excess of social security benefits. Funding is primarily from payroll taxes on railroad employers and employees, earnings on trust fund investments and income taxes attributable to these benefits.

The Railroad Retirement and Survivors' Improvement Act of 2001 (P.L. 107-90) made a number of major changes to the Railroad Retirement Act. In addition to other provisions, P.L. 107-90 provides for the transfer of railroad retirement funds from the Railroad Retirement Account to the National Railroad Retirement Investment Trust (NRRIT), whose Board of Trustees is empowered to invest NRRIT-held assets in non-governmental assets, such as equities and debt, as well as in governmental securities. NRRIT is not treated as an agency or instrumentality of the Federal Government.

P.L. 107-90 also repealed the railroad retirement supplemental annuity tax paid by rail employers and eliminated the separate Railroad Retirement Supplemental Account. While supplemental railroad retirement annuities provided by the Railroad Retirement Act continue to be due and payable, they are now funded through the Railroad Retirement Account.

Requested appropriation

The table on pages 6 and 7 identifies estimated budget authority and outlays for this account for fiscal years 2017 through 2027. The estimates are based on OMB's FY 2017 Mid-session Review (issued July 2016) economic assumptions and reflect current law.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

			Current services
	2017	2018	2019
Budget authority…………...	5,323,000	5,474,000	5,550,000
Outlays……………………...	5,337,000	5,461,000	5,538,000

	2020	2021	2022	2023	2024
Budget authority:					
Current services………….	5,609,000	5,656,000	5,693,000	5,730,000	5,772,000
Outlays:					
Current services………….	5,599,000	5,645,000	5,683,000	5,719,000	5,760,000

Notes: The RRB paid tier II benefits to 498,000 beneficiaries in March 2017. The agency expects to pay these benefits to 503,000 beneficiaries in March 2018 and 499,000 beneficiaries in March 2019. The RRB also paid supplemental annuities to 123,000 beneficiaries in March 2017. The agency expects to pay supplemental annuities to 121,000 beneficiaries in March 2018, and 119,000 beneficiaries in March 2019.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	2025	2026	2027
Budget authority:			
Current services……………………..	5,820,000	5,874,000	5,935,000
Outlays:			
Current services……………………..	5,808,000	5,861,000	5,921,000

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RAILROAD RETIREMENT BOARD

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

This account was established in conjunction with the implementation of the Railroad Retirement Solvency Act of 1983. It facilitates the administration of the Railroad Retirement Act by maintaining accurate accounting of, and control over, various financial transactions involving the railroad retirement trust funds. This account acts as a conduit for various financial transactions, such as interfund transfers and fund transfers from the Department of the Treasury (Treasury).

Interest on uncashed checks

Section 417 of the Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to provide for the reimbursement of principal and interest for unnegotiated railroad retirement benefit checks to the extent that such reimbursements are provided for in advance in appropriation acts. Beginning in fiscal year 1991, the principal amount of uncashed railroad retirement and railroad unemployment insurance checks and checks for administrative expenses, under provisions of the Competitive Equality Banking Act of 1987, are made available by Treasury. Treasury transfers principal amounts directly to the appropriate trust fund or administrative limitation. As a result, the RRB is not required to seek prior appropriation authority for the principal amount of the uncashed check transfers. Interest on uncashed checks, however, must be appropriated in advance. This account is the vehicle through which such appropriations are made. Under current law, the RRB requests $150,000 for estimated interest related to uncashed checks in fiscal year 2019, which shall remain available through September 30, 2020.

Military service credits

In accordance with, and pursuant to, Section 15(b) of the Railroad Retirement Act, the RRB also requests appropriations to the Federal Payments to the Railroad Retirement Accounts for reimbursement of costs (including interest, administrative expenses, and an actuarial adjustment) for crediting military service not reimbursed under the financial interchange. Both the railroad retirement system and the social security system are entitled to reimbursement for the cost of military service credits. Depending on the period during which the military service was rendered, the reimbursement may be made on either a benefit or prepaid tax basis. Reimbursement on a tax basis is accomplished by paying payroll taxes for individuals in military service. No additional reimbursement is due at retirement for military service credits reimbursed on a tax basis. Reimbursement on a benefit basis is accomplished by computing the value of retirement and survivor benefits with and without military service and requesting reimbursement based on this difference.

The Railroad Retirement Account has received full reimbursement for the tax basis periods. No reimbursements from general revenue have been received for the benefit basis periods:

- ➢ June 15, 1948, through December 15, 1950, creditable under P.L. 100-647, and

- ➢ July 1, 1963, and later.

In prior years, we have sought concurrence with our methodology for computing the reimbursable amount from the Social Security Administration (SSA), Treasury and OMB. We received responses from SSA and Treasury. SSA has concurred with our methodology while Treasury stated that they had no role in this particular process. Section 15(b) requires that these reimbursements from the general funds be authorized in advance by an appropriation act. The fiscal year 2019 appropriation request includes $937,580,475 for applicable military service credits through December 2015, with interest through September 1, 2017. Excluded are all costs for which the RRB has already received credits.

Other transfers

Appropriations are not necessary for other amounts that flow through this account to the appropriate trust fund accounts under authorizing legislation. Amounts expected to be transferred through this account in fiscal year 2019 that do not require appropriation action include $330 million in income taxes on the social security equivalent portion of tier I benefits, and $437 million in income taxes on tier II benefits and the non-social security equivalent portion of tier I benefits.

Requested appropriation

The table on pages 11 and 12 shows the estimated budget authority and outlays for this account for fiscal years 2017 through 2027. The estimates are based on economic assumptions in OMB's FY 2017 Mid-Session Review, issued July 2016. The current services level includes interest amounts on uncashed checks for all years.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	2017	**2018**	**Current services** **2019** [1]
Budget authority…………...	710,150	737,150	1,704,730
Outlays……………………...	710,150	737,150	1,704,730

	2020	**2021**	**2022**	**2023**	**2024**
Budget authority:					
Current services………….	795,150	822,150	848,150	873,150	898,150
Outlays:					
Current services………….	795,150	822,150	848,150	873,150	898,150

[1] Fiscal year 2019 budget authority and outlay amounts for current services include $937,580,475 for military service credits through December 2015 with interest through September 1, 2017.

OMB A-11 Reference: Section 51.3 (July, 2017)

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	<u>2025</u>	<u>2026</u>	<u>2027</u>
Budget authority:			
Current services……………………..	924,150	953,150	983,150
Outlays:			
Current services……………………..	924,150	953,150	983,150

RAILROAD RETIREMENT BOARD

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

Section 15(d) of the Railroad Retirement Act provides for a Dual Benefits Payments Account, which is separate from other railroad retirement accounts. The vested dual benefit portion of railroad retirement annuities is paid from this account and is funded by appropriations from general revenues.

Legislative history

Under laws in effect prior to 1975, a worker engaging in covered employment under both the Railroad Retirement Act and Social Security Act could receive benefits separately under both Acts. Because the social security benefit formula is weighted in favor of the low wage earner, the total of a worker's benefits from both systems averaged more than annuities of railroad employees who worked in the rail industry exclusively, and who had paid proportionally higher retirement taxes for the purpose of receiving higher benefits. The cost of the dual benefits was borne by the railroad retirement system since they reduced the system's income from its financial interchange with the social security system.

This situation was the major cause of the poor financial condition of the railroad retirement system in the early 1970s. In order to improve the systems financial condition, the Railroad Retirement Act of 1974 provided that the tier I component of the railroad retirement annuity be reduced by any social security benefit. This essentially integrated the two systems and eliminated the advantage of qualifying for benefits under both systems.

However, it was generally considered unfair to eliminate this advantage entirely for those already retired or close to retirement when the 1974 Act became effective. The 1974 Act, therefore, provided for a restoration of benefits which were considered vested at the end of 1974. The restored amount was known as the "vested dual benefit."

After considering various alternatives, the Congress authorized general fund appropriations to finance the cost of phasing out dual benefits. The Congress considered it unfair to impose this cost on current and future railroad employees because such employees would not be permitted to receive dual benefits upon retirement (except where vested rights were involved). Similarly, the Congress believed that it would be unfair to impose this cost on railroads because railroads had not benefited and had consistently opposed the creation and expansion of dual benefits. Financing the vested dual benefit component of railroad retirement annuities from general revenues was supported by a precedent regarding military service and by the fact that the dual benefit problem had been brought about by prior Congressional action repealing past dual benefit restrictions over the objections of the railroads.

Under the 1974 Act, appropriations had been authorized from general revenues for the phase-out costs of vested dual benefits. The amounts were to be sufficient to fund vested dual benefits on a level payment basis over the years 1976 through 2000. Because there was no provision in the law to reduce vested dual benefits to a level that would be fully covered by the amount appropriated, railroad retirement taxes were being used to cover the shortfall in the appropriation from general revenues. This led to a drain on the Railroad Retirement Account and contributed to a cash flow crisis.

To stop the resulting drain on the Railroad Retirement Account, the 1981 amendments changed vested dual benefits to a pay-as-you-go basis rather than a level-payment system. Starting in fiscal year 1982, vested dual benefits were to be reduced so as not to exceed the amount of the annual appropriation.

The Railroad Retirement Solvency Act of 1983 provided that revenues generated from income taxes on vested dual benefits be credited to the Railroad Retirement Account for fiscal years 1984 through 1988, and thereafter to the Dual Benefits Payments Account. Thus, since fiscal year 1989, these taxes have been credited to the Dual Benefits Payments Account and applied as an offset to the amount of funding needed from general revenues.

Requested appropriation

The table on pages 15 and 16 identifies the estimated budget authority and outlays for the Dual Benefits Payments Account for fiscal years 2017 through 2027.

The Consolidated Appropriations Act, 2017 (P.L. 115-31) provided $25,000,000 for the payment of vested dual benefits.

The estimate for fiscal year 2018 includes $22,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve of ($440,000) to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available to pay benefits.

For fiscal year 2019, the RRB requests an appropriation of $18,000,000 to pay vested dual benefits, plus a 2 percent reserve of $360,000 to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits. An estimated $1,000,000 in income taxes on these benefits will be credited to the Dual Benefits Payments Account.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	2017	**2018**	**Current services** **2019**
Budget authority…………...	25,000	22,000	18,000
Outlays……………………..	25,000	22,000	18,000

	2020	**2021**	**2022**	**2023**	**2024**
Budget authority:					
Current services………….	16,000	13,000	11,000	9,000	8,000
Outlays:					
Current services………….	16,000	13,000	11,000	9,000	8,000

Note: The budget estimates for this account include its share of interest on unnegotiated checks through fiscal year 2018.

The RRB paid vested dual benefits to 12,000 beneficiaries in March 2017. The agency expects to pay these benefits to 11,000 beneficiaries in March 2018 and 9,000 beneficiaries in March 2019.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	2025	2026	2027
Budget authority:			
Current services……………………..	6,000	5,000	4,000
Outlays:			
Current services……………………..	6,000	5,000	4,000

RAILROAD RETIREMENT BOARD

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

This appropriation request is for funds to administer the retirement/survivor and unemployment/sickness insurance benefit programs provided for railroad workers and members of their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Included in this request is an amount for certain activities related to the Medicare health insurance program. The Centers for Medicare & Medicaid Services (CMS) reimburse the RRB for certain other administrative expenses related to the Medicare program.

Retirement/Survivor Benefit Program

Under the Railroad Retirement Act, the RRB pays retirement and disability annuities to retired workers with qualifying years of railroad service. Annuities are also payable to spouses and divorced spouses of retired workers and to widows, widowers, children and certain other survivors of deceased railroad workers. Qualified railroad retirement beneficiaries are covered by the Medicare health insurance program.

The RRB estimates that it will pay the following in retirement and survivor benefits through fiscal year 2019: $12.5 billion to 549,000 persons in fiscal year 2017, $12.9 billion to 546,000 persons in fiscal year 2018 and $13.2 billion to 542,000 persons in fiscal year 2019.

Legislative history

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

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

Since passage of the Railroad Retirement Acts of the 1930s, numerous other railroad laws have subsequently been enacted.

Railroad Retirement and Survivors' Improvement Act of 2001

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

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

Coordination with Social Security

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

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

Sources of income for the retirement/survivor benefit program

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

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

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

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

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

Unemployment/Sickness Insurance Program

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

In the benefit year that ended June 30, 2017, the RRB paid $59,888,000 in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered $5,862,000, resulting in net payments of $54,026,000 to a total of 13,194 unemployment insurance claimants. During the same period, the RRB paid $77,075,000 in sickness insurance benefits from the RUI Account, and recovered $17,251,000, resulting in net payments of $59,824,000 to a total of 16,052 sickness insurance claimants. The RRB also recovered a total of $19,000 under provisions of the American Recovery and Reinvestment Act of 2009, and recovered $148,000 in additional extended unemployment benefits under the Worker, Homeownership and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012.

In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 7.3% under sequestration for days of unemployment and sickness after September 30, 2014, a reduction of 6.8% for days after September 30, 2015, and 6.9% for days after September 30, 2016.

Provisions for benefits

A new unemployment and sickness insurance benefit year begins every July 1, with eligibility generally based on railroad service and earnings in the preceding calendar year. Up to 26 weeks of normal unemployment insurance benefits and 26 weeks of normal sickness insurance benefits are payable to an individual in a benefit year. Extended benefits may also be payable for up to 13 weeks to persons with 10 or more years of service.

Additional extended unemployment benefits are also now payable to some railroad workers under the Worker, Homeownership and Business Assistance Act of 2009, as amended. These benefits are funded separately.

Legislative history

The railroad unemployment insurance system was established by legislation enacted in the 1930s. While State unemployment programs generally covered railroad workers, railroad operations which crossed State lines caused special problems. Unemployed railroad workers were denied compensation by one State because they became unemployed in another State or because their employers had paid unemployment taxes in another State. Although there were cases where employees appeared to be covered in more than one State, they often did not qualify in any.

The Federal study commission, which reported on the nationwide State plans for unemployment insurance, recommended that railroad workers be covered by a separate plan because of the complications their coverage had caused the State plans. The Congress subsequently enacted the Railroad Unemployment Insurance Act in 1938. Railroad unemployment insurance benefits became payable in July 1939. Sickness insurance benefits were added by amendments enacted in 1946. Subsequent amendments over the years revised eligibility requirements and adjusted benefit amounts and tax rates.

The railroad unemployment and sickness insurance system is financed by contributions from railroad employers. By law, a portion of the contributions is deposited in the Railroad Unemployment Insurance Administration Fund for the RRB's administrative expenses. The contributions are permanently appropriated for benefit payments and administrative expenses.

Large scale railroad layoffs during the economic recession in the early 1980s increased unemployment insurance payments to record levels, far exceeding unemployment contributions. By the end of July 1983, the account had a deficit of $550 million.

The Railroad Retirement Solvency Act, enacted August 12, 1983, increased railroad unemployment and sickness insurance taxes by increasing the limit on compensation subject to the tax from $400 to $600 a month. The act also imposed a temporary repayment tax on railroad employers to help repay loans from the Railroad Retirement Account.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), enacted April 7, 1986, increased the repayment tax. It also restored the authority of the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account; this authority had been removed by the Railroad Retirement Solvency Act. The law also provided for surtax on railroad employers in the event that further borrowing after September 30, 1985, from the Railroad Retirement Account became necessary.

In November 1988, the Congress enacted the Railroad Unemployment Insurance and Retirement Improvement Act of 1988 (P.L. 100-647) to resolve the system's long-term financing problems. In brief, the legislation improved the program's financing by (1) indexing the tax base to increased wage levels, (2) determining employers' tax rates by using an experience rating formula, (3) establishing a variable surcharge geared to the balance in the Railroad Unemployment Insurance Account, and (4) ensuring repayment of the debt to the Railroad Retirement Account by extending the repayment tax until the debt was fully repaid, with interest. The loan was repaid in full with a transfer of funds from the Railroad Unemployment Insurance Account to the Railroad Retirement Account on June 29, 1993.

The Railroad Unemployment Insurance Amendments Act of 1996 (P.L. 104-251), enacted October 9, 1996, increased the railroad unemployment and sickness insurance daily benefit rate and revised the formula for indexing future benefit rates. It also reduced the waiting period for initial benefit payments and eliminated duplicate waiting periods in continuing periods of unemployment and sickness. In addition, the legislation applied an earnings test to claims for unemployment and reduced the duration of extended benefit periods for long-service employees. The provisions of the legislation were based on joint recommendations to the Congress negotiated by rail labor and management in order to update the railroad unemployment insurance system along the lines of State unemployment insurance systems.

.RAILROAD RETIREMENT BOARD

Administrative Appropriation Request for Fiscal Year 2019

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

Budget Level	FTEs	Amount [1]
		($ thousands)
OMB guidance	744	$111,225,000
OMB guidance plus 5% investment	744	116,786,000
Agency request level	850	142,506,000

[1] Dollar amounts do not include reimbursements.

OMB A-11 Reference: Section 51.3 (July, 2017)

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

	FY 2017	AMOUNT OF CHANGE	FY 2018 HOUSE MARK	AMOUNT OF CHANGE	FY 2019 OMB GUIDANCE	AMOUNT OF CHANGE	FY 2019 PLUS 5% INVESTMENT	AMOUNT OF CHANGE	FY 2019 AGENCY REQUEST
TOTAL FTEs (INCLUDING REIMBURSABLE)	853	(35)	818	(74)	744	0	744	106	850
TOTAL RRB DIRECT PROGRAM OBLIGATIONS									
11.1 FULL-TIME PERMANENT	63,708	(417)	63,291	(5,022)	58,269	0	58,269	9,306	67,575
11.3 OTHER THAN FULL-TIME PERMANENT	829	(288)	541	(159)	382	0	382	83	464
11.5 OTHER PERSONNEL COMPENSATION	1,634	35	1,670	(411)	1,259	0	1,259	0	1,259
11.9 TOTAL PERSONNEL COMPENSATION	66,171	(670)	65,502	(5,592)	59,909	0	59,909	9,388	69,298
12.1 PERSONNEL BENEFITS: CIVILIAN	21,992	(611)	21,381	(1,418)	19,963	0	19,963	3,001	22,964
13.0 BENEFITS FOR FORMER PERSONNEL	315	(0)	315	(162)	154	0	154	0	154
21.0 TRAVEL AND TRANSPORTATION OF PERSO	736	99	835	334	1,169	0	1,169	0	1,169
22.0 TRANSPORTATION OF THINGS	36	13	49	53	102	0	102	0	102
23.1 RENTAL PAYMENTS TO GSA	3,200	100	3,300	100	3,400	0	3,400	0	3,400
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	5,575	(30)	5,544	229	5,773	0	5,773	0	5,773
24.0 PRINTING AND REPRODUCTION	256	31	287	20	307	0	307	0	307
25.0 OTHER SERVICES	14,164	1,119	15,283	3,168	18,451	5,561	24,012	13,331	37,343
26.0 SUPPLIES AND MATERIALS	611	171	782	(61)	720	0	720	0	720
31.0 EQUIPMENT	444	(222)	222	1,054	1,276	0	1,276	0	1,276
TOTAL RRB DIRECT OBLIGATIONS	113,500	0	113,500	(2,275)	111,225	5,561	116,786	25,720	142,506
REIMBURSABLE OBLIGATIONS	28,043	300	28,343	(348)	27,995	0	27,995	0	27,995
TOTAL RRB OBLIGATIONS	141,543	300	141,843	(2,623)	139,220	5,561	144,781	25,720	170,501
LIMITATION ON ADMINSTRATION	113,500	0	113,500	(2,275)	111,225	5,561	116,786	25,720	142,506

NOTES:
> Salary and benefit estimates reflect a 1.9 percent pay increase in January 2018 and 2.0 percent in January 2019. (OMB A-11 Reference: Section 32.1 July 2017)
> The agency would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach this FTE level.
  This budget submission does not reflect anticipated cost of implementation of significant FTE reductions.
> At the OMB Guidance level, there is no funding for IT/Capital Plan initiatives.
> The 5 percent investment level includes $2,400,000 for Enterprise Infrastructure Solutions (EIS) project and $3,161,000 for Legacy Systems Modernization Services (LSMS).
  The agency request level contains an additional $13,331,000 (of which $4,119,000 to be dedicated to LSMS and $9,212,000 to other IT initiatives) for a total of $18,892,000.
> The amounts do not include reimbursements from the Centers for Medicare and Medicaid Services (CMS) and others.
> Details may not add to totals due to rounding.
> OMB A-11 Reference: Section 51.1 (July 2017)

Explanation of Changes Between the Estimated Budget for Fiscal Year 2018, and Budget Levels for Fiscal Year 2019

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 OMB Guidance	FY 2019 OMB Guidance with 5% Investment	FY 2019 Agency Request
	(2,275)	*5,561*	*25,720*
1. Personnel compensation	**(5,592)**	**0**	**9,388**
Changes reflect variations in RRB staffing at each of the budget levels. The OMB Guidance and the 5% investment levels provide sufficient funding for 744 FTEs, a difference of 74 FTE's than projected for fiscal year 2018. The agency would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach this FTE level. This budget submission does not reflect anticipated cost of implementation of significant FTE reductions. At the agency request level, the RRB would be able to fund 850 FTEs.			
Projected compensation costs reflect an estimated pay increase of 1.9% in January 2018 and 2.0 in January 2019. At all funding levels, overtime is estimated at $503,400.			
2. Civilian personnel benefits	**(1,418)**	**0**	**3,001**
Employee benefits are estimated to total approximately 25.0% of salary costs in 2019, an increase of approximately 0.4%. Changes between the fiscal year 2019 budget levels also reflect variations in RRB staffing as noted above.			
At all funding levels, the cost for change-of-station is $180,000.			
3. Benefits for former personnel	**(162)**	**0**	**0**
At all funding levels, workers' compensation benefits to be billed by the Department of Labor in fiscal year 2019 amount to $153,687, a decrease of $161,651 from fiscal year 2018.			

OMB A-11 Reference: Section 51.3 (July, 2017)

Explanation of Changes Between the Estimated Budget for Fiscal Year 2018, and Budget Levels for Fiscal Year 2019

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 OMB Guidance	FY 2019 OMB Guidance with 5% Investment	FY 2019 Agency Request
	(2,275)	*5,561*	*25,720*
4. Travel and transportation of persons	**334**	**0**	**0**
At all funding levels, travel for fiscal year 2019 is $1,169,000, an increase of approximately $334,000 from fiscal year 2018. The agency should be able to accomplish training, development, and customer out-reach programs at this amount.			
5. Transportation of things	**53**	**0**	**0**
At all funding levels, transportation of things is $102,000, an increase of $53,000 from fiscal year 2018.			
6. Rental payments to the General Services Administration (GSA)	**100**	**0**	**0**
At all funding levels, a total of $3.4 million is requested for GSA rent in fiscal year 2019. This category reflects charges on an actual cost basis that RRB will continue to pay for rent, consistent with RRB's memorandum of understanding with GSA. The total is approximately $100,000 more than the planned amount for fiscal year 2018.			
7. Communications, utilities, and miscellaneous charges	**229**	**0**	**0**
At all funding levels, communications, utilities, and miscellaneous charges total $5,773,000, an increase of $229,000 from fiscal year 2018. Fiscal year 2019 details are shown below. (Amounts have been rounded to thousands.)			
FY 2019 Funding at the OMB Guidance Level			
Miscellaneous charges - $1,030	275	0	0
Postage -$1,587	5	0	0
Utilities - $560	65	0	0
Communications - $2,596	(116)	0	0

Explanation of Changes Between the Estimated Budget for Fiscal Year 2018, and Budget Levels for Fiscal Year 2019

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 OMB Guidance	FY 2019 OMB Guidance with 5% Investment	FY 2019 Agency Request
	(2,275)	5,561	25,720
8. Printing and reproduction	**20**	**0**	**0**
At all funding levels, printing and reproduction is $307,070. This category reflects a slight increase in costs for printing benefit rate letters, tax statements, and earnings information for railroad retirement and unemployment/sickness insurance beneficiaries. The category also includes costs for official publication of agency information in the Federal Register and Code of Federal Regulations.			
9. Other services	**3,168**	**5,561**	**13,331**
At the OMB Guidance level, the planned spending is $18,451,000. This level contains no agency initiatives. At the plus 5% investment level, the planned spending is $24,012,000 and includes $5,561,000 agency initiatives, of which $2,400,000 is dedicated to Enterprise Infrastructure Solutions (EIS) and $3,161,000 is dedicated to Legacy Systems Modernization Services (LSMS) project. The agency request includes an additional $13,331,000 for the following items not funded at the lower budget levels: an additional $4,119,000 for LSMS and $9,212,000 for other IT Initiatives. See pages 61 thru 71 for investment details. Fiscal year 2019 details are shown below. (Amounts have been rounded to thousands.)			
<u>FY 2019 Funding at OMB Guidance Level</u>			
Consulting services - $397	(237)	0	0
Government contracts - $2,829	738	0	0
Other services non-fed'l (includes SMAC)[1] - $22,230	1,516	5,561	13,331
Operation & Maintenance of equipment - $4,839	1,024	0	0
Medical fees - $2,152	(922)	0	0
Training - $776	294	0	0
Maintenance of facilities[2] - $3,228	755	0	0
[1] At all budget levels, funding for contractual services will be offset by the SMAC reimbursement contract in the amount of $18 million. [2] Funding for operation & maintenance of facilities in fiscal year 2019 may be partly offset by "no-year" money brought forward from prior fiscal years pursuant to P.L. 107-217.			

Explanation of Changes Between the Estimated Budget for Fiscal Year 2018, and Budget Levels for Fiscal Year 2019

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 OMB Guidance	FY 2019 OMB Guidance with 5% Investment	FY 2019 Agency Request
	(2,275)	*5,561*	*25,720*
10. Supplies and materials	**(61)**	**0**	**0**
At all funding levels, supplies and materials total $720,000. The amount represents a decrease of $61,000 from fiscal year 2018.			
11. Equipment	**1,054**	**0**	**0**
At all funding levels, equipment totals $1,276,000 for fiscal year 2019, an increase of $1,054,000 from fiscal year 2018. The funding is for replacement of IT software, parts, devices and other miscellaneous equipment needed by the bureaus and offices.			
Total Increase/Decrease	**(2,275)**	**5,561**	**25,720**

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment a/

Series	Rank	FY 2017 actual	FY 2018 b/ estimate	FY 2019 OMB Guidance Level	FY 2019 OMB Guidance Plus 5% Investment Level	FY 2019 Agency Request Level
Executive	Level III	0	1	1	1	1
	Level IV	2	2	2	2	2
	Subtotal	**2**	**3**	**3**	**3**	**3**
Senior Executive Service	ES-00	6	7	7	7	7
	Subtotal	**6**	**7**	**7**	**7**	**7**
General Schedule/Management	GS/GM-15	35	32	27	27	34
	GS/GM-14	64	60	50	50	62
	GS/GM-13	101	96	90	90	100
	GS-12	213	202	186	186	211
	GS-11	114	111	98	98	115
	GS-10	117	114	98	98	119
	GS-9	59	57	46	46	59
	GS-8	40	38	27	27	39
	GS-7	54	52	45	45	53
	GS-6	7	7	6	6	7
	GS-5	12	10	41	41	11
	GS-4	28	29	20	20	30
	GS-3	0	0	0	0	0
	GS-2	0	0	0	0	0
	Subtotal	**844**	**808**	**734**	**734**	**840**
Combined	**Total**	**852**	**818**	**744**	**744**	**850**

Positions in the Office of Inspector General are excluded.

a/   Amounts for each year include staffing reimbursed by the Centers for Medicare & Medicaid Services.

b/   FTEs reflect estimates in the House Mark (H.R. 115-244) budget for fiscal year 2018.

RAILROAD RETIREMENT BOARD

Full-Time Equivalent Employees by Organization

Organization	FY 2017 [1]	FY 2018 House Mark [2]	FY 2019 OMB Guidance Level	FY 2019 Guidance Plus 5% Investment Level	FY 2019 Agency Request Level
Chairman	1.00	--	--	--	--
Labor	7.00	--	--	--	--
Management	5.00	--	--	--	--
Subtotal, Board	**13.00**	--	--	--	--
General Counsel/Law	15.52	--	--	--	--
Hearings and Appeals	9.00	--	--	--	--
Legislative Affairs	3.00	--	--	--	--
Secretary to the Board	2.00	--	--	--	--
Subtotal, General Counsel	**29.52**	--	--	--	--
Office of Programs	311.23	--	--	--	--
CFO/Fiscal Operations	54.47	--	--	--	--
Actuary	18.25	--	--	--	--
Office of Administration	64.55	--	--	--	--
Field Service	239.66				
Information Services	121.18				
Total	**851.86**	**818**	**744**	**744**	**850**

1/ Amounts reflect projected use as of August 2, 2017. The RRB's fiscal year 2017 budget includes funding for 853 FTEs.

2/ Reflects projected total FTE staffing at the House Mark (H.R. 115-244) of $113.5 million.

OMB A-11 Reference: Section 51.3 (July, 2017)

RAILROAD RETIREMENT BOARD

Narrative Description of Strategic Goals

The RRB's budget request for ongoing operations is distributed between two areas that match the goals stated in the agency's Strategic Plan for Fiscal Years 2014–2018:

Strategic Goal I. Provide excellent customer service.

Strategic Goal II. Serve as responsible stewards for our customers' trust funds and agency resources.

Amounts requested by the RRB represent the resources needed to achieve the performance goals stated in the RRB's Performance Plan for Fiscal Year 2019. Activities in each area are described in the following sections. The Performance Plan contains additional information concerning performance indicators for each goal.

I. Provide Excellent Customer Service.

Regarding the RRB's strategic goal of providing excellent customer service, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2019 include the following:

I-A.   Pay benefits timely.

> Ensure accurate, up-to-date, accessible instructions to support our front-line employees as they provide customer support.
> Inform our customers about their responsibilities.
> Ensure that the Customer Service Plan is comprehensive and is revised when appropriate.
> Promote direct deposit for benefit payments.
> Monitor key payment workloads.
> Allocate resources effectively.

I-B.   Provide a range of choices in service delivery methods.

> Increase opportunities for our customers to conduct business in a secure manner over the Internet.
> Continue to develop electronic services that enable the employer to conduct daily business transactions and file required reports in an efficient, effective and secure manner.

II. Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.

Regarding the RRB's strategic goal of safeguarding our customers' trust funds through prudent stewardship, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2017 include the following:

II-A.   Ensure that trust fund assets are protected, collected, recorded and reported appropriately.

   ➢ Continue to issue annual audited financial statements.
   ➢ Monitor the solvency of the trust funds through a sound program of actuarial valuations and financial projections.
   ➢ Correctly estimate the amounts needed for future benefit payments.
   ➢ Verify that payroll taxes are fully collected and properly recorded.
   ➢ Issue accurate, timely determinations and notices of contribution rates required under the unemployment and sickness insurance program.
   ➢ Continue to carry out the RRB's debt management policy.

II-B.   Ensure the accuracy and integrity of benefit programs.

   ➢ Monitor payment accuracy and the levels of improper payments, and identify problems.
   ➢ Provide feedback and take additional preventive actions as appropriate.
   ➢ Maintain established matching programs.
   ➢ Continue our program integrity reviews.

II-C.   Ensure effectiveness, efficiency and security of operations.

   ➢ Continue to develop an effective human capital planning program.
   ➢ Monitor and improve program performance and accountability.
   ➢ Ensure the privacy and security of our customers' transactions with the RRB.
   ➢ Expand our participation in E-Government initiatives.
   ➢ Improve our ability to control and monitor information technology investments.
   ➢ Make greater use of performance-based contracts.
   ➢ Comply with new security requirements for employee identification.

II-D.   Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.

RAILROAD RETIREMENT BOARD

Appropriation Request by Strategic Goal

The RRB Performance Budget for Fiscal Year 2019 contains a discussion of the administration of the railroad retirement/survivor and unemployment/sickness insurance benefit programs. The tables on the following pages identify the estimated costs of administering these programs in terms of the following strategic goals:

> I. Customer service
> II. Stewardship

These goals are consistent with the RRB's Strategic Plan for Fiscal Years 2014–2018.

Projections for the fiscal year 2019 budget reflect three funding levels, as follows:

> ➢ The OMB Guidance level of the budget provides $111,255,000 for fiscal year 2019, and represents the same budget level enacted for fiscal year 2017. This level would fund 744 FTEs to administer the benefit programs and provides no funding for agency or information technology initiatives. To get to the 744 FTE level, the RRB would have to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force.

> ➢ The 5 percent increase for investment level of the budget provides $116,786,000 for fiscal year 2019. This level would fund 744 FTEs and provide $5,561,250 for agency and information technology initiatives ($2,400,000 would be dedicated to Enterprise Infrastructure Solutions (EIS) and $3,161,000 for Legacy Systems Modernization Services (LSMS)). Again, the RRB would have to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force to get to the 744 FTE level.

> ➢ The agency request level totals $142,506,000 for fiscal year 2019. This level would fund 850 FTEs and provide $18,892,000 for agency and information technology initiatives. This budget level would allow the agency to fully support our proposals as put forth in our Agency Reform Plan in accordance with OMB Guidance M-17-22.

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

Analysis of Resources
(in thousands of dollars)

Fiscal Year/Level	2017	2018	2019 OMB Guidance Level	2019 OMB Guidance with 5% Investment Level	2019 Agency Request Level
Budget authority..	113,500	113,500	111,225	116,786	142,506
Outlays..	113,500	113,500	111,225	116,786	142,506
Full-time equivalent employment............................	853	818	744	744	850

Fiscal Year	2020	2021	2022	2023	2024	2025
Budget authority:						
OMB Guidance level……………………….....	111,225	111,225	111,225	111,225	111,225	111,225
OMB Guidance w/5% Investment level……...	116,786	116,786	116,786	116,786	116,786	116,786
Request level……………….....…..…………..…	*	*	*	*	*	*
Outlays:						
OMB Guidance level……………………….....	111,225	111,225	111,225	111,225	111,225	111,225
OMB Guidance w/5% Investment level ……...	116,786	116,786	116,786	116,786	116,786	116,786
Request level……………….……....…..……….	*	*	*	*	*	*

* Amounts for these years are to be determined.

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

<u>Analysis of Resources</u>
(in thousands of dollars)

			2019		
<u>Fiscal Year/Level</u>	**<u>2017</u>**	**<u>2018</u>**	**OMB Guidance Level**	**OMB Guidance with 5% Investment Level**	**Agency Request Level**
Budget authority..	89,565	86,474	85,566	89,857	109,700
Outlays..	89,565	86,474	85,566	89,857	109,700
Full-time equivalent employment................	652	621	558	558	637

<u>Fiscal Year</u>	**<u>2020</u>**	**<u>2021</u>**	**<u>2022</u>**	**<u>2023</u>**	**<u>2024</u>**	**<u>2025</u>**
Budget authority:						
OMB Guidance level…………………….….....	85,566	85,566	85,566	85,566	85,566	85,566
OMB Guidance w/Investment level (5%)…………….…..…………..	89,857	89,857	89,857	89,857	89,857	89,857
Request level…………….…..……….	*	*	*	*	*	*
Outlays:						
OMB Guidance level…………………….….....	85,566	85,566	85,566	85,566	85,566	85,566
OMB Guidance w/Investment level (5%)…………….…..…………..	89,857	89,857	89,857	89,857	89,857	89,857
Request level…………….…..……….	*	*	*	*	*	*

* Amounts for these years are to be determined.

OMB A-11 Reference: Section 51.3 (July, 2017)

Strategic Goal - <u>Stewardship</u>
Budget Account - Limitation on Administration (60-8237-0-7-601)

Analysis of Resources
(in thousands of dollars)

Fiscal Year/Level	2017	2018	2019 OMB Guidance Level	2019 OMB Guidance with 5% Investment Level	2019 Agency Request Level
Budget authority...	23,935	24,751	25,659	26,929	32,806
Outlays..	23,935	24,751	25,659	26,929	32,806
Full-time equivalent employment................	201	197	186	186	213

Fiscal Year	2020	2021	2022	2023	2024	2025
Budget authority:						
OMB Guidance level……………………....	25,659	25,659	25,659	25,659	25,659	25,659
OMB Guidance w/Investment level (5%)…………….……………..	26,929	26,929	26,929	26,929	26,929	26,929
Request level……………..…..………	*	*	*	*	*	*
Outlays:						
OMB Guidance level……………………....	25,659	25,659	25,659	25,659	25,659	25,659
OMB Guidance w/Investment level (5%)…………….……………..	26,929	26,929	26,929	26,929	26,929	26,929
Request level……………..…..………	*	*	*	*	*	*

* Amounts for these years are to be determined.

OMB A-11 Reference: Section 51.3 (July, 2017)

Retirement/Survivor Benefit Program

Summary Processing Workload Table

Fiscal years	Average number of annuitants	New applications	Supplemental annuity applications	Social Security initial awards [1]	Post-payment adjustments	Number of payments	Medicare enrollments [2]
2006	582,995	35,617	7,794	6,065	94,108	7,426,518	4,838
2007 [3]	571,271	37,134	9,345	5,965	113,489	7,349,904	5,188
2008	562,347	36,909	9,176	6,010	99,525	7,191,744	5,686
2009	554,124	37,248	9,725	8,128	110,534	7,104,066	5,235
2010	549,154	37,384	9,581	12,563	120,102	7,055,426	5,204
2011	544,256	37,231	9,743	9,275	93,425	7,011,155	5,803
2012	540,080	35,856	9,341	9,342	85,206	6,967,676	6,522
2013	534,982	36,041	9,075	3,116	80,786	6,921,034	6,306
2014	530,367	35,368	8,802	3,124	76,440	6,864,029	6,270
2015	526,487	34,234	8,145	3,417	66,316	6,825,427	6,851
2016	522,839	33,019	7,497	3,739	74,056	6,779,413	6,573
2017 (est)	520,400	32,000	6,000	3,000	74,000	6,730,000	6,000
2018 (est)	516,800	31,000	5,000	3,000	73,000	6,680,000	6,000
2019 (est)	512,500	30,000	4,000	3,000	72,000	6,630,000	6,000

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

2/ Excludes attainments.

3/ Post-payment adjustments reflect 21,358 receipts due to the processing of special adjustments for annuity increases resulting from changes in retirement service and earnings credits reported by railroad employers over a period of several years.

Railroad Unemployment/Sickness Insurance Program

Summary Processing Workload Table

Fiscal Years	Railroad employment 1/	Unemployment insurance			Sickness insurance		
		Applications	Claims	Payments	Applications	Claims	Payments
2006	236,000	11,186	64,697	53,781	25,866	155,525	133,519
2007	237,000	13,002	71,156	58,385	22,996	148,607	127,372
2008	235,000	13,483	79,016	65,388	21,932	140,788	120,498
2009	223,000	39,509	230,476	198,230 2/	21,466	138,993	118,770
2010	221,000	18,721	210,965	190,152 3/	21,476	139,653	119,426
2011	229,000	12,756	93,598	83,144 4/	20,797	136,014	115,705
2012	234,000	12,914	83,120	72,776 5/	20,240	129,318	110,154
2013	237,000	14,944	96,871	84,365 6/	19,110	119,364	100,951
2014	242,000	11,982	77,580	64,864 6/	19,335	120,838	102,020
2015	247,000	14,177	67,643	55,368	19,467	121,271	102,540
2016	225,000 (est)	24,371	145,605	120,134	20,219	131,575	111,933
2017 (est)	221,000	26,000	142,000	117,000	21,000	129,000	110,000
2018 (est)	217,000	20,000	113,000	93,000	19,000	120,000	102,000
2019 (est)	214,000	17,000	96,000	79,000	19,000	120,000	102,000

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

2/ Includes unemployment insurance claims and payments under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). Benefits had to begin by December 31, 2009.

3/ Includes unemployment insurance claims and payments under P.L. 111-5 and the Worker, Homeownership, and Business Assistance Act of 2009 (P.L. 111-92).

4/ Includes unemployment insurance claims and payments under P.L. 111-5, P.L. 111-92, and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

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

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

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PERFORMANCE PLAN

Fiscal Year 2019

Railroad Retirement Board

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Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2019 to support our mission (see mission statement on the following page) and to communicate our intentions for meeting challenges and seeking opportunities. We will use the plan to hold managers accountable for achieving program results and to improve program effectiveness and public accountability by promoting a continued focus on results, service quality, and customer satisfaction. We will also use the plan to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality.

This plan is closely linked to our **Strategic Plan for Fiscal Years 2014 - 2018** and can be easily cross-referenced to that plan. The performance budget provides detailed performance goals, performance indicators and target levels to guide agency managers as they implement our Strategic Plan. It also communicates our plans to our stakeholders, including the railroad community, the Administration, the Congress, and other government agencies. It is one part of a comprehensive set of interlocking plans that cover all major aspects of agency operations. In this plan, we have established specific performance goals (with performance indicators and projected performance levels) to be achieved in fiscal year 2018. Additionally, it supports our other functional plans required to manage the agency. These functional plans include the **Customer Service Plan** and the **Information Technology Capital Plan**. These plans support the annual submission of the agency budget to the Office of Management and Budget (OMB) and the Congress.

The RRB's strategic and performance goals are presented in the sections following our mission statement. Information on anticipated performance in fiscal year 2019 for each performance goal is provided at the OMB Guidance level of $111,225,000, the 5% investment level of $116,786,000 and the agency request level of $142,506,000. To provide for ongoing improvement in performance and accountability, we will continue to set programmatic goals which are aggressive, realistic and accurately measured. We will also ensure that planned improvements are transparent and result in meaningful outcomes, and that agency managers are accountable for achieving performance goals.

We will also prepare and submit to the President and the Congress a report on program performance for fiscal year 2019, as part of our Performance and Accountability Report. The report will be reviewed by the RRB's Office of Inspector General (OIG) to help ensure the reliability and utility of our performance information. The reported information will be derived from agency systems and will compare the performance goals and indicators to actual program performance for the fiscal year.

This performance budget meets the requirements of the GPRA Modernization Act and was prepared by RRB employees.

RAILROAD RETIREMENT BOARD
MISSION STATEMENT

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

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

Strategic Goal I: *Provide Excellent Customer Service.* We aim to satisfy our customers' expectations for quality service in terms of service delivery options and levels and manner of performance. At the OMB Guidance level of the fiscal year 2019 budget, we plan to allocate $85,566,000 and 558 full-time equivalent employees (FTEs) to this strategic goal; at the plus 5% investment level, we would dedicate $89,857,000 (includes $4,291,000 for IT investments) to customer service; and at the agency request level, we would be able to dedicate $109,700,000 and 637 FTEs to customer service. We have established two performance goals that focus on the specifics of achieving this strategic goal.

Strategic Objective: Pay benefits timely. The RRB is committed to ensuring that we pay benefits in a timely manner. We have nine objectives in place to track the timeliness of the actions we take in a year regarding both Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) programs. In addition, we will:

- *Ensure accurate, up-to-date, accessible instructions to support our front-line employees as they provide customer support.*
- *Inform our customers about their responsibilities.*
- *Ensure that the Customer Service Plan is comprehensive and is revised when appropriate.*
- *Promote direct deposit for benefit payments.*
- *Monitor key payment workloads.*
- *Allocate resources effectively.*

Our Customer Service Plan includes customer service timeliness standards for paying benefits. Through March 31, 2017 the overall actual performance was 99.0 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for 99 percent of the 162,599 service transactions for which timeliness was measured.

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

> **Overall Timeliness Performance**
> **Fiscal Year 2017 (through 3/31/2017)**
>
> - Retirement applications: 95.0% (target: 95.0%)
>
> - Survivor applications: 95.7% (target: 95.3%)
>
> - Disability applications/payments: 55.5% (target: 82.8%)
>
> - RUIA applications/claims: 99.9% (target: 99.5%)

Communications with RRB customers

In addition to making payments, we provide a variety of information to our customers. We provide general information through our website, publications, and our toll-free number. We also provide information to individuals through annual statements of wages and compensation, annuity estimates, notices of annuity and benefit awards and changes, annual income tax statements, and answers to questions regarding benefits. In addition, we use an

on-line presentation facility called *RRBVision* to provide information and training to the public and rail employers.

Strategic Objective: Provide a range of choices in service delivery methods. To fulfill customers' needs, we must provide high quality, accurate services on a timely basis, and in ways that are accessible and convenient to all our customers, including the elderly and those with impairments. Consistent with our vision statement, we strive to provide a broad range of choices for customer service. Our level of performance will be measured by how well we succeed in providing the level of service our customers expect, and by the number of new electronic services we can provide in each program at a reasonable cost. Our goal is to expand customer choice by offering alternative access to our major services. To achieve our goals in this area, we plan to:

- *Increase opportunities for our customers to conduct business in a secure manner over the Internet.*
- *Continue to develop electronic services that enable the employer to conduct daily business transactions and file required reports in an efficient, effective and secure manner.*

To date, a total of 27 automated ERSNet services exist for employers to notify, request or provide a means for correcting and transmitting data electronically to and from the Railroad Retirement Board (RRB). Two additional services will be added this year with the completion and implementation of the Form G-73a.1, Notice of Death of Annuitant and the Form RL-5a, Notice of Annuity Award bring the total number of available services to 29 in the ERSNet system.

The RRB will continue to pursue enhancements in fiscal year 2018 with the development and implementation of the Form G-251A, Job Information Report and the Form G-117a, Designation of Contact Officials. This will add two additional services to the system.

In fiscal year 2019, RRB in-house staff will develop on-line ERSNet processes for the Form RL-13g, Notice to Employer of relinquishment of Rights of Disability Annuitant Who Attained Age 65 and the AESOP, Employee Retirement Estimate File.

Strategic Goal II: *Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.* The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. At the OMB Guidance level of the fiscal year 2019 budget, we plan to allocate $25,659,000 and 186 FTEs to this strategic goal; at the plus 5% investment level, we would dedicate $26,929,000 (includes $1,270,000 for IT investments)to stewardship; and at the agency request level, we would be able to dedicate $32,806,000 and 213 FTEs to stewardship.

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

Strategic Objective: **Ensure that trust fund assets are protected, collected, recorded and reported appropriately.** The RRB is committed to prudent management of its trust funds. Our success in this objective is reflected through annual audited financial statements, actuarial valuations, financial projections, benefit payment accuracy, debt collection, experience-based contribution rates, and payroll tax and railroad employee compensation reconciliations. We also have responsibilities with regard to the National Railroad Retirement Investment Trust, which are addressed under performance goal II-D. To accomplish this commitment, we will:

- *Continue to issue annual audited financial statements.*
- *Monitor the solvency of the trust funds through a sound program of actuarial valuations and financial projections.*
- *Correctly estimate the amounts needed for future benefit payments.*
- *Verify that payroll taxes are fully collected and properly recorded.*
- *Issue accurate, timely determinations and notices of contribution rates required under the unemployment and sickness insurance program.*
- *Continue to carry out the RRB's debt management policy.*

In November 2016, we released our Performance and Accountability Report for fiscal year 2016. The RRB's OIG did not express an opinion (disclaimer) on the RRB's 2016 financial statements, which were included in that report. The OIG reported material weaknesses in the RRB's financial reporting. Significant efforts are underway to strengthen controls in this area.

Strategic Objective: **Ensure the accuracy and integrity of benefit programs.** The principal indicators of accuracy are the benefit payment accuracy rates in each program. Our performance goal is to ensure that we can continue to meet or exceed 99 percent payment accuracy in the payments we initiate or manually adjust in a given year. To accomplish this goal, we will:

- *Monitor payment accuracy and the levels of improper payments, and identify problems.*
- *Provide feedback and take additional preventive actions as appropriate.*
- *Maintain established matching programs.*
- *Continue our program integrity reviews.*

Under the Improper Payments Information Act (IPIA) of 2002, and the Improper Payments Elimination and Recovery Act (IPERA) of 2010, the RRB reviews and reports on the amount of erroneous payments and engages in activities to reduce them. Since improper payment reporting began, the amounts attributable to the RRB's two benefit programs (the RRA and the RUIA) have been below the definition of "significant" improper payments identified in the law and related guidance issued by OMB.

As part of our fiduciary responsibilities to the rail community, we must ensure that the correct benefit amounts are being paid to the right people. We match our benefit payments against the Social Security Administration's earnings and benefits database, the Centers for Medicare & Medicaid Services' death records, the Office of Personnel Management's benefit records, and State wage reports, exclusively via secure electronic transmissions. We also administer other benefit monitoring programs to identify and prevent erroneous payments, and refer some cases to the RRB's OIG for investigation. After investigation, the Inspector General may pursue more aggressive actions, which include civil and criminal prosecution.

We measure the effectiveness of the program integrity efforts each year by comparing the dollars identified as improper payments and saved through these initiatives to their cost. For example, in fiscal year 2016, the RRB invested the equivalent of about 29 full-time employees, at a cost of approximately $2.8 million, in program integrity efforts. This resulted in over $10.3 million in recoverables, $1,588,723 in benefits saved, and the referral of 22 cases to the OIG for investigation. This is approximately $4.18 in savings for each $1.00 invested in these activities.

Strategic Objective: Ensure effectiveness, efficiency and security of operations. How we do our business is a critical component of good stewardship. The RRB is committed to effective, efficient and secure internal operations. Many factors and programs contribute to this goal. We use our management control review process as a means of reviewing critical agency processes in order to provide reasonable assurance of the effectiveness and efficiency of our programs and operations. If material weaknesses are detected, we take corrective action. In addition, we perform a variety of quality assurance activities to ensure that our benefit programs comply with established policies, standards and procedures. We consider the findings from these reviews as we plan our information technology initiatives.

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

- *Deliver – Deliver on Budget Percent of IT Projects costs within 10% of budgeted costs.*
- *Deliver – Meet Customer Expectations. WWW.RRB.GOV Internet Services (Mainline and Employer Reporting System) Continuous availability experienced by end users.*
- *Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.*
- *Protect – Email Data Loss Prevention. Percentage of externally bound emails and their attachments automatically encrypted that contain personally identifiable or credit card information.*

- *Protect –Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.*

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

In addition to our ongoing activities, during the planning period we will continue to emphasize key areas related to strategic management of human capital, improving program performance and accountability, and systems security.

RRB Plan to Maximize Employee Performance

Like many agencies, the RRB has an aging workforce. Almost 50 percent of our employees have 20 or more years of service and over 31 percent of the current workforce will be eligible for retirement by fiscal year 2019. To prepare for the expected turnover while adhering to the Administration's "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce", the agency is placing increased emphasis on maximizing employee performance. The Railroad Retirement Board's (RRB's) plan to maximize employee performance consists of two separate yet interrelated plans – The Human Capital Analysis Plan and the Plan to Maximize Employee Performance. By improving the organization's effectiveness and workforce management, RRB will better utilize the Federal workforce and manage our limited human capital resources. By strategically evaluating the positions within the RRB, we can then focus on maximizing employee performance. Maximizing employee performance focuses on an ever-evolving evaluation and implementation of an effective performance management system and an on-going evaluation of RRB's human resources within the Agency. This includes ensuring an efficient and effective workforce, setting an achievable and high level of performance expectations for employees, ensuring accountability for managing performance, as well as rehabilitating poor performers and/or removing employees unable to perform at an acceptable level of competence.

<u>**Human Capital Analysis Plan**</u>

Human Capital Analysis consists of a series of steps that would help guide organizational design and position structure, keep positions current, and assist in maximizing employee performance. This methodology develops the resources and data necessary to continuously analyze the RRB workforce and ensure prudent, fiscally responsible personnel and organizational decisions.

- **Job Analysis -** conduct job analysis according to accepted practice to identify critical competencies for each position and grade within the RRB. This process will create an up-to-date position repository on which all other Human Capital Analysis Plan steps are based. Additionally, accurate job analysis is legally defensible and can be utilized in staffing, Human Resource Development (HRD), and performance management efforts.

- **Competency Model Development** – develop an RRB competency model utilizing job analysis information to identify agency competencies, position competencies, leadership/management competencies, and executive competencies. Each individual competency will be behaviorally defined at five proficiency levels and include example work behaviors. The use of previously validated or developed models will also be used to reduce project time.

- **Skill Gap Analysis** –job analysis and competency model development will identify the knowledge and skills need to perform a given position and at what proficiency level. A Skill Gap Analysis will be conducted based on this information to determine the gap between knowledge and skills necessary and those currently possessed at the agency and/or individual level.

- **Training Needs and Career Development Analysis** –Skill Gap Analysis results will identify knowledge and skill deficiencies throughout the agency. Utilizing those results, a Training Needs Analysis will be conducted to identify critical developmental needs and provide necessary training opportunities to improve. Additional work will be completed to better identify career paths within the RRB and necessary competencies needed for employees to progress.

Plan to Maximize Employee Performance
In place at the RRB are three distinct performance management systems based on an employee's supervisory status, each 5-tiered performance management system is listed below:

- Bargaining/non-bargaining unit employees,
- supervisors/managers, and
- SES employees

In the bargaining/non bargaining performance system, modifications to performance standards must be reviewed by Human Resources (HR functions are centralized to Chicago, IL) prior to implementation. In reviewing performance standard changes and submissions, HR Employee Relations specialists utilize a performance standard checklist as well as OPM's handbook for measuring employee performance as a guide when assisting supervisors/managers in developing and implementing meaningful and relevant performance standards.

In FY15, RRB performed a 100% review of performance evaluations. The review was conducted to ensure compliance with RRB policy and to identify and correct deficiencies or errors in the evaluation. In addition, managers and supervisors are reminded to review and/or update performance standards whenever they are looking to post a vacancy announcement. In FY16, RRB conducted a random sample (with 95% confidence level and 5% allowed margin of error) of performance evaluations to ensure compliance with RRB policy and correct any deficiencies. In addition, the sample provided valuable feedback and opportunity for HR to follow-up with managers and supervisors to address unacceptable performance ratings.

Regardless of the applicable performance management system in question, performance management at the RRB is aimed at improving individual and organizational effectiveness by relating pay levels, pay adjustments and awards to individual and organizational performance. Performance management is deemed essential at the RRB and is viewed as a continuous process given performance management related decisions have the potential to impact other personnel actions (*e.g. within-grade-increases, career options, career ladder promotions, work-at-home eligibility, training opportunities, overtime qualification considerations, demotion, retention and reduction-in-force (RIF) rights.*)

Effective performance management at the RRB provides an objective means of measuring actual work performance by considering factors such as; organizational mission, functional delegation, position descriptions, general output requirements of the position, critical elements, performance standards, job performance, performance appraisal, performance feedback, etc.

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

The data optimization process and the agency's own analysis have pointed out opportunities for modernization. Because of the complexity and size of this project, we are taking a multi-year / multi-phased approach. The underlying principle is that modernization is not re-engineering a particular application or system; it involves a holistic approach to building an information infrastructure to support the RRB's critical business processes.

In addition to modernizing the agency's mainframe based computer programs, there are 28 old LAN-based computer programs in need of modernization. Although functioning, these outdated systems are becoming more difficult to maintain under the newer server platforms and operating systems.

In fiscal year 2018, the RRB will begin the second of two phases to re-engineer critical legacy applications to sustain agency operations and enable a "future ready" RRB workforce.

Phase 2 success criteria:
By modernizing its systems, the RRB will ultimately decrease the time and cost to develop and operate the systems, allowing us to focus on new initiatives that will improve business practices and control costs.

RRB staff will be equipped with modern tools and technologies to do their jobs in the most efficient and effective manner that leads to sustained customer satisfaction in the railroad community we serve.

Strengthening IT Portfolio Management – In support of the Administration's direction to agencies to assess the effectiveness of current information technology (IT) management practices and address opportunities to improve management of IT resources. The measurements ensure that the agency engages in proactive performance management of its IT.

Strategic Objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust. Although the RRB no longer has primary responsibility for the investment of the trust fund monies, it continues to have responsibilities in ensuring that the National Railroad Retirement Investment Trust (NRRIT), and its seven-member Board of Trustees, comply with the provisions of the Railroad Retirement Act. This responsibility will be fulfilled through review of the monthly, quarterly and annually submitted reports by the NRRIT, and its auditors' reports. In addition, the RRB's Board Members and General Counsel meet twice annually with the Trustees and receive detailed briefings during periodic telephone conferences.

The RRB has authority to bring civil action should it detect any violation of the Railroad Retirement Act or non-compliance with any provisions of that Act.

To facilitate coordination among the NRRIT and Federal Government organizations, the Department of the Treasury, OMB, NRRIT and RRB have entered into a voluntary memorandum of understanding concerning budgetary, accounting and financial reporting responsibilities.

<div align="center">

Information Security Program

</div>

Information security is a critical consideration for government agencies where maintaining the public's trust is essential. The RRB relies extensively on computerized systems to support its mission operations and store the sensitive information that it collects. The RRB's information security program is established and maintained to reasonably protect systems data and resources against internal failures, human errors, attacks and natural catastrophes that might cause improper disclosure, modification, destruction, or denial of services.

We continued to make progress towards a compliant Information Security program to improve the RRB's security posture. RRB has implemented an Information Security Continuous Monitoring (ISCM) Strategy as outlined in OMB Memorandum M-14-03: Enhancing the Security of Federal Information and Information Systems. This strategy addressed the gaps in the Information Security program. We have partnered with the Department of Homeland Security (DHS) in the Continuous Diagnostic and Mitigation (CDM) program. This partnership with DHS will further improve our Information Security program pertaining to vulnerability assessment, hardware and software management, configuration management, and privileged account management. We have also enrolled in the DHS EINSTEIN-3 Accelerated (E3A) program that ensures all of the Domain Name System (DNS) and Simple Mail Transfer Protocol (SMTP) are monitored by these services. We continue to manage the risk of the critical infrastructure considering asset management, remote access, identity management, and network protection. Specifically:

- Assessment Management – we have enrolled in the DHS CDM Continuous Monitoring as a Service (CMaaS) to provide better visibility of current hardware and software and to automatically detect unauthorized hardware and software. The CDM solution is scheduled to be implemented in December 2017.

- Identity Management – we now have a multi-factor authentication solution in place and as part of CMaaS, we will be implementing credential management for general users and privileged access management for system administrators.

- Remote Access – we deployed managed services for hardware encryption and have upgraded our Cisco ASA firewalls to strengthen information security controls for VPN remote access.

- Network Protection – as part of CMaaS, we will further improve the Defense in Depth configuration in place, namely the Intrusion Prevention System (IPS), Network Access Control (NAC), and the Security Information and Event Management (SIEM).

Railroad Retirement Board   -   Fiscal Year 2019 Initial Performance Plan

Railroad Retirement Board FY 2019 Initial Performance Plan	2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1] ($113.5m)	2018 [2] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
STRATEGIC GOAL I: Provide Excellent Customer Service								
Strategic Objective: Pay benefits timely. Leader for performance goals I-A-1 through I-A-5; I-A-7 and I-A-8: Michael Tyllas, Director of Programs Leader for performance goal I-A-6: Dan Fadden, Director of Field Service Leader for performance goal I-A-9: Rachel L. Simmons, Director of Hearings and Appeals								
I-A-1. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 35 days of the annuity beginning date, if advanced filed. (Measure: % ≤ 35 days)	95.2%	95.8%	94.0%	94.7%	94.0%	92.0%	94.0%	95.5%
1-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)	95.3%	96.5%	96.3%	95.7%	94.0%	92.0%	94.0%	95.5%
I-A-3. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor not already receiving a benefit within 60 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 days)	96.1%	94.3%	96.0%	96.3%	94.0%	92.0%	94.0%	95.5%

Railroad Retirement Board - Fiscal Year 2019 Initial Performance Plan

Railroad Retirement Board FY 2019 Initial Performance Plan	2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1] ($113.5m)	2018 [2] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
I-A-4. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor already receiving the benefits as a spouse within 30 days of the RRB's receipt of first notice of the employee's death. (Measure: % ≤ 30 days)	95.5%	95.5%	95.1%	95.1%	93.5%	92.0%	94.0%	95.5%
I-A-5. RRB makes a decision to pay or deny a lump sum death benefit within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	98.4%	98.1%	98.0%	96.8%	97.0%	95.0%	97.0%	98.5%
I-A-6. RRB certifies a payment or releases a letter of denial of UI or SI benefits within 10 days of the date RRB receives the claim. (Measure: % ≤ 10 days)	99.9%	99.9%	99.9%	99.9%	99.0%	95.00%	98.00%	99.00%
I-A-7. RRB makes a decision to pay or deny a benefit for a disabled applicant or family member within 100 days of the date the application is filed. (Measure: % ≤ 100 days)	42.8%	31.0%	17.4%	14.2%	Due to ongoing process improvements, RRB is re-baselining this metric.[3]	Due to ongoing process improvements RRB is re-baselining this metric.[3]	Due to ongoing process improvements, RRB is re-baselining this metric.[3]	Due to ongoing process improvements RRB is re-baselining this metric.[3]

Railroad Retirement Board   -   Fiscal Year 2019 Initial Performance Plan

Railroad Retirement Board FY 2019 Initial Performance Plan	2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1/] ($113.5m)	2018 [2/] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
I-A-8. RRB makes a payment to a disabled applicant within 25 days of the date of decision or earliest payment date, whichever is later. (Measure: % ≤ 25 days)	95.6%	95.8%	92.6%	93.4%	93.5%	92.0%	94.0%	95.5%
I-A-9. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	270	261	239	221	250	230	235	230
Strategic Objective: Provide a range of choices in service delivery methods. Goal leader: Michael Tyllas, Director of Programs								
I-B-1. Offer electronic options to our customers, allowing them alternative ways to perform primary services via the Internet or interactive voice response systems. (Measure: Number of services available through electronic media)	19 services available	19 services available	19 services available	19 services available	20 services available	21 services available	21 services available	21 services available

Railroad Retirement Board - Fiscal Year 2019 Initial Performance Plan

Railroad Retirement Board FY 2019 Initial Performance Plan		2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1/] ($113.5m)	2018 [2/] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
I-B-2. Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act. (Measures: percentage of employers who use the on-line Employer Reporting System (ERS); number of services available through electronic media)	a) Employers using ERS:	98.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
	b) Internet Services	26 Internet services available	27 Internet services available	27 Internet services available	27 Internet services available	31 Internet services available	33 Internet services available	33 Internet services available	33 Internet services available

STRATEGIC GOAL II: 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 Weekley, Deputy Chief Financial Officer

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 President's Proposed	2019 OMB Guidance	2019 OMB Guidance with 5% Investment	2019 Agency Request Level
II-A-1. Debts will be collected through billing, offset, reclamation, referral to outside collection programs, and a variety of other collection efforts. (Measure: total overpayments recovered in the fiscal year/total overpayments established in the fiscal year.)	91.3%	99.6%	90.73%	87.72%	85.0%	85.0%	85.0%	85.0%

Railroad Retirement Board - Fiscal Year 2019 Initial Performance Plan

Railroad Retirement Board FY 2019 Initial Performance Plan		2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1] ($113.5m)	2018 [2] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
Strategic Objective: Ensure the accuracy and integrity of benefit programs. Goal leader II-B-1 (a)(b) and II-B 3, 4 and 5: Michael Tyllas, Director of Programs Goal leader II-B-2 (a): Dan Fadden, Director of Field Service Goal leader II-B-2(b): Micheal Pawlak, Director of Unemployment Payment Support Division									
II-B-1. Achieve a railroad retirement benefit payment accuracy rate [4] of at least 99%. (Measure: percent accuracy rate)	a. Initial payments	99.52%	99.72%	99.69%	N/A	99.50%	99.50%	99.60%	99.75%
	b. Sample post recurring payments	100%	99.91%	99.70%	N/A	99.50%	99.50%	99.60%	99.75%
II-B-2. Achieve a railroad unemployment/ sickness insurance benefit payment accuracy rate [4] of at least 99%. (Measure: percent accuracy rate)	a. Unemployment	99.83%	99.23%	99.36%	96.91%	99.50%	95.00%	98.00%	99.00%
	b. Sickness	99.52%	99.40%	99.94%	99.15%	99.50%	95.00%	97.50%	99.50%
II-B-3. Overall Initial Disability Determination Accuracy (Measure: % of Case Accuracy)		98.6% [5]	95.8% [5]	N/A	N/A	96.0%	93.0%	95.0%	96.0%

Railroad Retirement Board   -   Fiscal Year 2019 Initial Performance Plan

Railroad Retirement Board FY 2019 Initial Performance Plan	2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1] ($113.5m)	2018 [2] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
II-B-4. Maintain the level of Railroad Retirement Act (RRA) improper payments below the OMB threshold. (Measure: prior to FY14, below 2.5%; beginning FY14, below 1.5%)	0.59% [6]	0.58% [6]	N/A	N/A	1.00%	1.00%	1.00%	1.00%
II-B-5. Achieve a return of at least $3.60 for each dollar spent on program integrity activities. (Measure recoverable and savings per dollar spent.)	$5.20: $1.00	$4.49: $1.00	$4.18: $1.00	N/A	$3.85[7]: $1.00	$3.85: $1.00	$3.85: $1.00	$3.85: $1.00
Strategic Objective: Ensure effectiveness, efficiency, and security of operations. Goal leader: Ram Murthy, Chief Information Officer								
II-C-1. Complete modernization of RRB processing systems in accordance with long-range planning goals. (Measure: Meet target dates for the project. Yes/No)	No. The target date for PREH conversion is delayed due to higher priority Project (TPAM) mandated by US Treasury. New target: April 30, 2015	Yes. The target date for the RUIA XR modernization and Medicare Database conversion has been met. PREH conversion is delayed due to staff working on higher priority project (the Disability Program Improvement Plan). The new target date is September 30, 2016.	No. The modernization of the Tax Database will now be incorporated in the multiyear Mainframe Applications Reengineering project	Project complete				

Railroad Retirement Board - Fiscal Year 2019 Initial Performance Plan

Railroad Retirement Board FY 2019 Initial Performance Plan		2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1/] ($113.5m)	2018 [2/] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
II-C-2. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost.		New Performance Goal for FY 2016	New Performance Goal for FY 2016	100%	100%	85%	85%	85%	85%
II-C-3. Deliver – Meet Customer Expectations. WWW.RRB.GOV Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users	a) Continuous availability target	New Performance Goal for FY 2016	New Performance Goal for FY 2016	98.7%	99.3%	99%	99%	99%	99%
	b) Hours of outage allowed per month	New Performance Goal for FY 2016	New Performance Goal for FY 2016	9.38 hours	6.5 hours	7 hours	7 hours	7 hours	7 hours
II-C-4. Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.		New Performance Goal for FY 2016	New Performance Goal for FY 2016	No	Completed applying HTTPS-only standard to www.rrb.gov	Continue working on application of HTTPS-only standard to www.rrb.gov	Implement automatic failover of email system to alternate facility	Implement automatic failover of email system to alternate facility	Implement automatic failover of email system to alternate facility
II-C-5. Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives		New Performance Goal for FY 2016	New Performance Goal for FY 2016	50%	100%	98.5%	98.5%	98.5%	98.5%

Railroad Retirement Board FY 2019 Initial Performance Plan	2014 Actual ($110.3m)	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual [1] ($113.5m)	2018 [2] President's Proposed ($111.225m)	2019 OMB Guidance ($111.225m)	2019 OMB Guidance with 5% Investment ($116.786m)	2019 Agency Request Level ($142.7m)
II-C-6. Protect – Email Data Loss Prevention. Percentage of externally bound emails and their attachments automatically encrypted that contain personally identifiable or credit card information	New Performance Goal for FY 2016	New Performance Goal for FY 2016	99.82%	100%	99%	99%	99%	99%
II-C-7. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.	New Performance Goal	New Performance Goal	74%	78.3	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%
Strategic objective: *Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.* Goal leader: Ana M. Kocur, General Counsel								
II-D-1. Timely review information reported by the National Railroad Retirement Investment Trust to carry out RRB's oversight responsibility under section 15(j) (5) (F) of the Railroad Retirement Act. Reports are to be reviewed within 30 days of receipt. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Footnotes are following:

1/   Actual results represents status as of March 31, 2017, unless otherwise noted. N/A indicates fiscal year 2017 data is not available.

2/   Planned amounts reflect the fiscal year 2018 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released May 23, 2017.

3/   DBD is re-baselining the customer service standard. The last known process assessment was conducted in 2010, which noted the 2009 performance fell short of the customer service goal by 7.5%. In May 2016, a Gantt analysis identified that the disability process takes 245 days for a decision. Based on increased staffing and revised business processes, DBD is determining a more appropriate goal.

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

5/   FY 2014 performance was used to establish a baseline. No performance goal was established for FY 2015.

6/   Actual IP rates for FY 2014 and 2015 have been adjusted to accurately show that fiscal year data reviewed matches the fiscal year data reported.

7/   Our annual goals for FY 2017 and FY 2018 have been adjusted to more closely match the defined performance goal and to be more representative of our current return on investment.

Information Technology Resource Statements

Message from the Chief Information Officer (CIO) and Deputy Chief Financial Officer (DCFO)

The CIO has reviewed and had significant input in approving Information Technology (IT) investments included in this budget request. The CIO has reviewed and approved all IT invests from each the Railroad Retirement Board Bureau or Division.

The DCFO and CIO attest that the CIO had a significant role in reviewing planned IT support for major programs and significant increases and decreases in IT resources reflected in this budget.

RAM MURTHY

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Ram Murthy

Chief Information Officer

SHAWNA WEEKLEY

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Shawna Weekley

Deputy Chief Financial Officer

OMB A-11 Reference: Section 51.3 (a) thru (b) (July 2017)

RAILROAD RETIREMENT BOARD
Information Technology (IT) Table and Capital Plan
FY 2017 – 2022

Priority	Information Technology Investments	FY 2017 [a/]	FY 2018 [b/]	FY 2019 [c/]	FY 2020	FY 2021	FY2022 [d/]	TOTAL
1	Enterprise Infrastructure Solutions (EIS)	0	250,000	2,400,000[e/]	200,000	0	0	**2,850,000**
2	Legacy Systems Modernization Services (LSMS)	1,206,091	0	7,280,000[e/]	6,510,000	4,480,000	1,590,761	**$21,066,852**
3	Citizen Services Improvements	0	0	175,000	500,000	750,000	750,000	**$2,175,000**
4	Electronic Records Utilization and Paperless Processing	0	0	2,200,000	0	0	0	**$2,200,000**
5	Secure Consolidation for Mainframe Services	0	0	3,200,000	2,700,000	2,700,000	0	**$8,600,000**
6	Cybersecurity and Privacy	0	0	1,072,000	750,000	750,000	750,000	**3,322,000**
7	Financial Management Integrated System (FMIS) Upgrade	0	0	1,250,000	0	0	0	**$1,250,000**
8	Records Management System	0	0	1,315,000	0	0	0	**$1,315,000**
	TOTAL	**$1,206,091**	**$250,000**	**$18,892,000**	**$10,660,000**	**$8,680,000**	**$3,090,761**	**$42,778,852**

a/   Amount reflects FY 2017 project spending (Consolidated Appropriations Act, 2017, P.L. 115-31); $6,100,000 was included in the Congressional Justification of Budget Estimates for Fiscal Year 2017.

b/   Amount reflects funding included in the Congressional Justification of Budget Estimates for Fiscal Year 2018.

c/   Amounts reflect funding at the agency request level. The chart on the following page shows amounts available for IT investments at the OMB Guidance with 5% Investment level.

d/   Amounts based upon assumption that funding will be received for previous fiscal years.

 e/   The EIS project is the top priority for FY 2019 due to the expiration of GSA's Networx contract and the priority to complete transition to GSA's new contract vehicle by March 2020. The LSMS project is still the first priority for FY 2018 and out years with the exception of FY 2019.

OMB A-11 Reference: Section 51.3 (July, 2017)

RAILROAD RETIREMENT BOARD

PRIORITIZED IT INVESTMENTS

Priority	Information Technology Investments a/	FY 2019 OMB Guidance with 5% Investment	Increase	FY 2019 Agency Request Level
1	Enterprise Infrastructure Solutions (EIS)	2,400,000[b]	0	2,400,000
2	Legacy Systems Modernization Services (LSMS)	3,161,000[b]	4,119,000	7,280,000
3	Citizen Services Improvements	0	175,000	175,000
4	Electronic Records Utilization and Paperless Processing	0	2,200,000	2,200,000
5	Secure Consolidation for Mainframe Services	0	3,200,000	3,200,000
6	Cybersecurity and Privacy	0	1,072,000	1,072,000
7	Financial Management Integrated System (FMIS)	0	1,250,000	1,250,000
8	Records Management System	0	1,315,000	1,315,000
	TOTAL	**$5,561,000**	**13,331,000**	**$18,892,000**

a/ These prioritize items represent the Agency's investment strategy for any additional funding received over and above the OMB Guidance level.

b/ The EIS project is the top priority for FY 2019 due to the expiration of GSA's Networx contract and the priority to complete transition to the new contract vehicle by March 2020. The LSMS project is still the first priority for FY 2018 and out years, with the exception of FY 2019.

RAILROAD RETIREMENT BOARD

PRIORITY #1 – Enterprise Infrastructure Solutions (EIS)

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$2,400,000	$0	$2,400,000

The Enterprise Infrastructure Solutions (EIS) contract and related project is the RRB's highest priority for FY 2019 and directly aligns to the RRB Agency Reform Plan's third proposal to "Improve Organizational Efficiency and Effectiveness." [1] The EIS contract will serve as a replacement for the expiring Networx, WITS 3 and the Local Telecommunications Services contracts. The EIS contract provides a flexible platform to support agency migrations to modern telecommunications and IT service offerings including: Unified Voice communications (UC), data communications, Hosted services, wireless, cloud service, and managed service.

GSA is transitioning to a replacement contract vehicle for Networx and all of their regional contracts and Local Service Agreements. The transition must be completed no later than March 2020. As these contracts expire, GSA, will assist agencies with transitioning their existing services to the replacement EIS contracts to ensure continuity of services.

Currently a hosted Unified Communications (UC) Voice over Internet Protocol (VoIP) telecommunications platform provides voice telecommunication services within RRB HQ and allows for external telephone communications. The UC system provides telephony features to end-users and has the ability to be administered locally or remotely. The UC system provides fully redundant and services and is geographically diverse.

The UC encompasses the following:
1. Enterprise VoIP;
2. 800/Toll-Free Services;
3. Managed Trusted Internet Protocol Services (MTIPS);
4. Interactive Voice Response (IVR)
5. Automatic Call Distribution (ACD)
6. Multiprotocol Label Switching (MPLS)

Benefits	Risks of delay
• Streamlined contract administration, including catalog-based offerings, • Focus on solutions over technologies (one-stop shopping), • Future-proof contracts (price management mechanism, 15 year POP), • Simplified pricing, including simplified CLIN structure, • Flexibility, enhanced management • A solution-oriented vehicle that will allow us to define, acquire, and manage the networks serving our mission needs over its 15 year contract life. • Reduced entry requirements for services and geographic coverage, • Ability to leverage provider commercial systems, with fewer government-unique requirements.	• Networx contract expires in 2020. • Lose EIS efficiencies. • Higher commercial rates.

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[1] OMB Guidance M-17-22 "*Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Workforce*" required all agencies to submit an Agency Reform Plan. The Plan identifies how the agency proposes to improve the efficiency, effectiveness and accountability.

RAILROAD RETIREMENT BOARD

PRIORITY #2 – Legacy Systems Modernization Services (LSMS)

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$3,161,000	$4,119,000	$7,280,000

The LSMS project is the RRB's second priority for FY 2019 (remains the first priority in FY 2018 and out years with the exception of FY 2019) and directly aligns to the RRB Agency Reform Plan's first proposal to "Improve Organizational Efficiency and Effectiveness." The project seeks to modernize the RRB's IT systems, in order to mitigate cyber security risks, improve fraud prevention and detection abilities, and to support a more effective, efficient and leaner workforce. Currently, the RRB's adjudication and benefit payment systems have aged substantially and have grown too complex and costly to maintain. RRB's current mainframe environment includes 200 major distinct applications systems consisting of more than 4,200 custom programs and approximately 12 million lines of code in COBOL.

The LSMS is a reengineering effort using a support service contractor for the gradual, phased transition to a distributed architecture with open standards. Our strategy encompasses multiple iterations over various phases in a new environment to minimize impact to the current legacy environment. We are in the first phase that uses automated code conversion tools as well as automated test and data validation tools, to transform the legacy mainframe-based COBOL programming code. At the end of each iteration, the updated code in the current legacy systems is brought over for incremental conversion. Systems will run in parallel during the final iteration to gain confidence of the migrated systems in the new environment. After completion of the code transformation phase, the project will move toward the consolidation of benefit processing services and enabling these services to be Cloud ready.

The LSMS implementation phases are:
- Phase 0 Assessment of As-IS environment (Completed – 12/2014)
- Phase 1 Incremental Code Transformation over multiple iterations (In Process)
- Phase 2 Consolidation of sub-systems
- Phase 3 Cloud ready sub-systems

Benefits	Risks of delay
• Increased efficiency of application portfolios	• Legacy computing limitations and increased maintenance costs for aged applications
• Growth in enterprise system agility	• Less defined technology architecture and system process documentation
• Adoption of modern programming languages	• Increased vulnerability to Cybersecurity threats and knowledge loss due to attrition

RAILROAD RETIREMENT BOARD

PRIORITY #3 – Citizen Services Improvements

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$0	$175,000	$175,000

RRB's Citizen Services Improvement initiative is the RRB's third highest priority and directly aligns to the RRB Agency Reform Plan's second proposal to "Improve Organizational Efficiency and Effectiveness." This initiative seeks to implement self-service digital solutions to our customers and end users.

We will enable secure web-based self-service access to personal account statements and individualized information about the status of claims and benefits, as well as allowing access to industry standard features such as the online benefit estimates. These enhancements will assist railroad workers and their families in the completion and tracking of online applications, claims, payments and other documentation. The enhanced services will also enable the railroad employee to perform "what-if" type analysis, such as adjusting the retirement date to see how the benefit amount changes.

Benefits	Risks of delay
• Improves Security	• Continued use of paper based processes
• Strong initial and ongoing identity validation	• Less timely password reset services to end users
• Enhanced customer satisfaction	• Online access limited to agency's current service offerings
• Modern IT services to customers through automated systems	
• Adoption of paperless communications	

RAILROAD RETIREMENT BOARD

PRIORITY #4 – Electronic Records Utilization and Paperless Processing

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$0	$2,200,000	$2,200,000

RRB's Electronic Records Utilization and Paperless Processing initiative is the RRB's fourth priority and directly aligns to the RRB Agency Reform Plan's fourth proposal to "Improve Organizational Efficiency and Effectiveness." The RRB proposes to establish an electronic imaging and records system, which will eliminate a significant portion of its paper-based processing. RRB will also migrate to paperless disability program processing as a future automation goal.

Automating manual processes is critical for increasing employee efficiency and effectiveness in a benefits-paying environment. In addition, migration to an electronic method of processing disability claims would provide a means for real-time detection and prevention of disability fraud by facilitating greater data modeling to reduce fraud, waste and abuse while also enabling the use of data mining techniques that will assist auditors and investigators.

Enhancements to the current system will enable the electronic export of e-mails, direct receipt of third party documents and faxes, as well as streamlining the process of scanning a claim folder to imaging.

Benefits	Risks of delay
• Encourages adoption of paperless communications	• Continued use of paper based processes
• Automate manual process	• Continued use of outdated technology
• Real-time detection and prevention of disability fraud	

RAILROAD RETIREMENT BOARD

PRIORITY #5 - Secure Consolidation for Mainframe Services

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$0	$3,200,000	$3,200,000

RRB's Secure Consolidation for Mainframe Services project is directly aligned with the RRB's sixth proposal in the RRB Agency Reform Plan to "Improve Organizational Efficiency and Effectiveness." This project seeks to leverage the USDA National Information Technology Center (NITC) Platform as a Service (PaaS) for mainframe operations rather than investing in a replacement for our IBM mainframe, which will reach its end of life in fiscal year 2018.

The RRB's mainframe computer system has a vital role as the hub of the agency's enterprise infrastructure, running mission-critical legacy applications and databases. The agency relies on the mainframe to perform large-scale transaction processing, support a large number of users and application programs concurrently accessing numerous resources, manage large volumes of information in databases, and handle large-bandwidth communication.

The RRB's dependency on the mainframe for mission-critical services will continue until completion of the Legacy Systems Modernization Services (LSMS) project; therefore, migrating the agency's mainframe to NITC for the remainder of the legacy re-engineering project will maintain agency mission-critical services while the mainframe systems are modernized from COBOL to C# and then decommissioned.

Benefits	Risks of delay
• Utilization of federal PaaS rather than investing in replacement of technology that will only remain necessary during a short-term period while modernizing legacy systems.	• Continued use of outdated technology with risk of delays in paying retirement/survivor and unemployment/sickness benefits.
• Mainframe shared services maintains capability to process a variety of job types simultaneously at very high utilizations.	• Productivity decreases, downtime and/or total equipment failure.
• All required Federal Certifications are met and monitored to be FEDRAMP Certified and FISMA High.	• Workload processing inefficiencies.
• Federal employees with proper clearances would manage RRB PII data.	

RAILROAD RETIREMENT BOARD

PRIORITY #6 - Cybersecurity and Privacy

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$0	$1,072,000	$1,072,000

The agency's cybersecurity and privacy strategy is to make attacks ineffective through prevention and detection through continuous monitoring. Funding will enhance the RRB's information security and privacy program activities, which directly support the President's Executive Order on *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure*. Because of the sensitivities related to security and privacy program activities, specifics for this element are intentionally omitted and available internally only.

In general, RRB mitigates risk through the complementary use of technology, such as firewalls, integrity checkers, virus scanners, intrusion detection systems, anti-virus software and other special security devices, and well-trained personnel. To supplement the agency's continuous monitoring strategy, we recently formed a partnership with the Department of Homeland Security (DHS) and enrolled in the Continuous Diagnostic Mitigation (CDM) program. The CDM program increases the agency's visibility of potential threats continuously.

Benefits	Risks of delay
• Improves organizational cybersecurity posture	• Loss of confidentiality, integrity, and availability of the RRB information system
• Improves adherence to organizational policies	• Failure to improve cybersecurity posture of the RRB

RAILROAD RETIREMENT BOARD

PRIORITY #7 – Financial Management Integrated System (FMIS) Upgrade

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$0	$1,250,000	$1,250,000

In accordance with OMB's Financial Management Line of Business (FMLOB) imitative and related guidance RRB commenced using a core financial management system in a cloud environment hosted by a shared service provider (CGI Federal Inc.) at the beginning of fiscal year 2014. The system, called the Financial Management Integrated System (FMIS), currently supports the processing and reporting functions of budget preparation and execution, acquisition and purchasing, accounts payable and disbursement, general ledger, external reporting, fixed assets and accounts receivable. The system is supported by CGI Federal's proprietary financial system software – Momentum. The RRB is currently using the version of Momentum that was available at the time of migration - 7.0. Since that time, CGI has released five updated versions of Momentum containing significant added functional enhancements and regulatory updates that reflect current Federal guidance and mandates. The funding will support a migration by RRB to the most current version of the Momentum software, 7.5, and increase the agency's ability to meet its business and reporting requirements efficiently and timely.

Benefits	Risks of delay
• Maintain compliance with RRB-applicable laws, regulations, standards and requirements.	• RRB business needs are likely to become misaligned with the functionality of the software.
• Leverage maintenance costs that are being paid to the contractor for software upgrades.	• Workarounds will proliferate outside the system.
• Inherit most recent best practice upgrades to the software contributed by the contractor's client base – the Momentum User Group (MUG).	• User satisfaction with the system may decrease and undermine business benefits.
	• The expense of upgrading will increase as there are more intervening versions.
	• Cumulative cost of piecemeal enhancements will increase over time, and will not provide the same benefit as full software.

RAILROAD RETIREMENT BOARD

PRIORITY #8 - Records Management System

OMB Guidance with 5% Investment	Additional Need	Agency Request Level
$0	$1,315,000	$1,315,000

OMB memorandum M-12-18, *Managing Government Records Directive*, mandated that by Fiscal Year 2019, all Executive Branch agencies implement efforts to reform records management policies and practices and to develop a 21st-century framework for the management of Government records.

The RRB acquired contractor services in fiscal year 2015 to perform an assessment of its records management program to meet the requirements of OMB M-12-18. Deliverables included an evaluation of current records management processes with a focus on identification of areas where improvement is necessary, and the development of a tactical action plan to meet the requirements of OMB M-12-18 going forward in future fiscal years. The contract assessment included a recommendation that the RRB implement an RMS based on the action plan.

This funding will support RRB's plan to develop and implement a new cloud based Records Management System (RMS). When complete, the RMS will identify, maintain, classify and dispose of RRB electronic records including disability related records and e-mail, according to specified records disposition policies. Completion of this project will support our electronic records utilization and paperless processing efforts, which is our fourth proposal to "Improve Organizational Efficiency and Effectiveness" as discussed in the RRB's Agency Reform Plan in accordance with OMB Guidance M-17-22.

Benefits	Risks of delay
• Allows for consistent management of electronic records and policies	• Currently not in compliance with NARA records management regulation
• Meets requirements of the Managing Government Records Directive and other related records management regulatory and compliance standards	• Currently not in compliance with E-discovery requests related to the Federal Rules of Civil Procedure
• Protects vital records	

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RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2019

1. **Amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies.**

   Section 7(b)(9) of the Railroad Retirement Act contains language requiring that all employees of the Railroad Retirement Board, except for one assistant for each Board Member, must be hired under the competitive civil service.

   Elimination of this requirement would enable the Railroad Retirement Board to use various hiring authorities offered by the Office of Personnel Management.

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

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

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

   Under this proposal, both the Railroad Retirement Act and the Railroad Unemployment Insurance Act would be amended to include a felony charge similar to violations under 42 U.S.C. § 408, 18 U.S.C. § 1001, or 18 U.S.C. § 287.

3. **Amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and to waive the customary fees for the RRB.**

   The Social Security Act provides for a National Directory of New Hires (NDNH). The Directory is used to enhance child support payments and in enforcement of the tax laws of the United States. In addition, the Commissioner of Social Security is granted access to the Directory.

   The Fiscal Year (FY) 2017 Budget Submission and FY 2018 Congressional Justification included a package of proposals to allow additional programs and agencies authority to access the National Directory of New Hire Data, a federal database of employment and unemployment insurance information administered by the Office of Child Support Enforcement within the Department of Health and Human Services (HHS). Access to this data is tightly controlled by statute, and HHS implements strong privacy, confidentiality, and security protections to protect the data from unauthorized use or disclosure. Currently several programs are successfully using this data for program integrity, implementation, and research purposes, and the use of that data has led to important insights and program integrity gains.

RAILROAD RETIREMENT BOARD

<u>Proposed Legislative Program for Fiscal Year 2019</u>

The FY 2017 Budget submission and FY 2018 Congressional Justification proposed to build on this strong history of data stewardship and protection to allow additional programs and agencies to access this valuable data to learn what works and improve program implementation, while continuing to protect the privacy, security and confidentiality of that data. Included in this package was - the Railroad Retirement Board (RRB).

The Railroad Retirement Board pays benefits under both the Railroad Retirement and Railroad Unemployment Insurance Acts that are based in part on a claimant's earnings. The RRB currently conducts wage matches with all 50 States to detect improper payments. The FY 2017 Budget submission, FY 2018 Congressional Justification proposed and now the FY 2019 Budget submission proposes access to NDNH for RRB in order to conduct wage matches, establish eligibility for disability benefits in a more efficient manner, and detect potential improper payment of benefits under the Railroad Retirement and Railroad Unemployment Insurance Acts.

RAILROAD RETIREMENT BOARD

Relationship of Programs to Account Structure

(in thousands of dollars)

	2019 Estimates	
	Budget Authority	Outlays
60-0111-0-1-601		
Dual Benefits Payments Account..	18,000	18,000
60-0113-0-1-601		
Federal Payments to the Railroad Retirement Accounts................................	1,704,730	1,704,730
60-8010-0-7-601		
Social Security Equivalent Benefit Account..	7,764,000	7,748,000
60-8011-0-7-601		
Railroad Retirement Account...	5,550,000	5,538,000
60-8118-0-7-601		
National Railroad Retirement Investment Trust..	1,983,500	1,983,500
60-8237-0-7-601		
Limitation on Administration		
OMB Guidance level.…………….………………………………………..	111,225	111,225
OMB Guidance plus 5% investment..…………...……………….………….	116,786	116,786
Agency Request level.……..……………….…..…………………………..	142,506	142,506

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

Summary	2019 Estimates	
	Budget Authority	Outlays
Federal funds (see previous page) 1/..	1,722,730	1,722,730
Trust funds (see previous page) 2/..	15,297,500	15,269,500
Deductions for offsetting receipts:		
Intrafund transactions (OASDI transfer) 3/..	(4,333,800)	(4,333,800)
Intrafund transactions (NRRIT transfers) 3/…………………………………..	(1,983,500)	(1,983,500)
Proprietary receipts from the public 4/…………………………………..	(345,800)	(345,800)
Interfund transactions 5/…………………………………………………………	(1,704,730)	(1,704,730)
TOTAL	8,652,400	8,624,400

1/ Represents budget authority and outlays for the Dual Benefits Payments Account and the Federal Payments to the Railroad

2/ Represents budget authority and outlays for the Social Security Equivalent Benefit Account, the Railroad Retirement Account, and the National Railroad Retirement Investment Trust (NRRIT). Excludes the Limitation on Administration.

3/ Represents the financial interchange transfer amount of $4,333,800,000 expected from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds and a transfer of $1,983,500,000 from the NRRIT to the Railroad Retirement Account.

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

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

A-11 Reference - Section 51.4 (July 2017)

RAILROAD RETIREMENT BOARD

Agency Reform Plan

The following RRB Agency Reform Plan ("Plan") has been developed in accordance with guidance contained in Office of Management and Budget (OMB) Memorandum M-17-22, "Comprehensive Plan for Reforming Federal Government and Reducing the Federal Civilian Workforce".

The Plan consists of three elements.

  I.   A high-level draft of the areas RRB is developing for reforms;
  II.   Progress on near-term workforce reduction actions; and
  III.   A plan to maximize employee performance (Appendix 1)

OVERVIEW

RRB Function, Organization, Funding Source and Real Property

Headquartered in Chicago, 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 through the determination and payment of benefits for the nation's railroad workers and their families, under the Railroad Retirement and Railroad Unemployment Insurance Acts. 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.

The RRB estimates that it will pay the following in retirement and survivor benefits through fiscal year 2018: $12.3 billion to 554,000 persons in fiscal year 2016, $12.5 billion to 551,000 persons in fiscal year 2017, and $12.8 billion to 548,000 persons in fiscal year 2018.

A three-member Board appointed by the President of the United States, with the advice and consent of the Senate, leads the RRB. The President appoints one member upon the recommendation of railroad employers, another upon the recommendation of railroad labor organizations and the third, who is the Chairman, to represent the public interest. The Board Chairman position is currently vacant. At the beginning of FY-2017, the RRB employed 870 staff in its Headquarters office in Chicago, IL and in its 53 field offices located throughout the United States to assist railroad personnel and their families in filing claims for benefits. Headquarters staff are functionally aligned to:

- adjudicate claims,
- maintain earnings records,
- calculate benefits, and process payments through automated systems,
- predict the future income and outlays of the railroad retirement system,
- analyze and provide data, and
- provide legal counsel, interpret legislation and represent the RRB in litigation utilizing legal staff.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

RRB's operations (i.e. to fund salaries, benefits, rental payments, support service contract costs, supplies, etc.) are funded from the Limitation of Administration (LOA) account.   The Appropriations language, provides the RRB authority to transfer a specific amount from the Trust funds to our LOA in accordance with the Railroad Retirement Act and the Railroad Unemployment Insurance Act. This equates to monies pulled from three trust funds to support operations (i.e., Social Security Equivalent Benefit Account (SSEB), Railroad Retirement Account, and the Railroad Unemployment Insurance Trust Fund. **The funding sources for these three funds are specific to the railroad industry – not general revenues.** For FY-2017 Congress has authorized $113,500,000 (P.L. 115-31).

The 1981 amendment to the Railroad Retirement Act provided for the Dual Benefits Payments Account to pay benefits to retirees who were qualified for benefits under both social security and railroad retirement before 1975. For FY-2017 RRB received $25,000,000 in general revenue for the Dual Benefits Payment Account to pay benefits (P.L. 115-31). These monies are used for benefit payment purposes only and do not support RRB operations.

Finally, RRB's Real Property responsibilities include delegated authority for the operations and maintenance of its Headquarters building located at 844 N. Rush St in Chicago, IL including all mechanical systems and building infrastructure. Significant investments in energy efficiency and green initiatives have resulted in reduced energy costs. However, miscellaneous contracted service responsibilities remain a challenge as funding has not kept pace with incremental increases in the costs of contracts.

I.   AREAS FOR REFORM: PROPOSALS TO IMPROVE ORGANIZATIONAL EFFICIENCY & EFFECTIVENESS

The RRB has long been an innovator in using resources efficiently and effectively while continuously providing superior service to its customers. Going forward, that becomes an ever-greater challenge given that Federal employment at the RRB has been steadily **decreasing** as shown in the chart below. In addition to actual decreases in employment over the last 10+ years, the RRB has nearly one-quarter of its workforce that are *currently retirement eligible* with that percentage increasing to 36% by FY-2020. Historically, RRB has averaged 49 retirements per year over the past 10 years and these attrition based workforce changes will impact every facet of the RRB's operations, including senior management.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

Number of Employees
FY-1997 – FY-2017
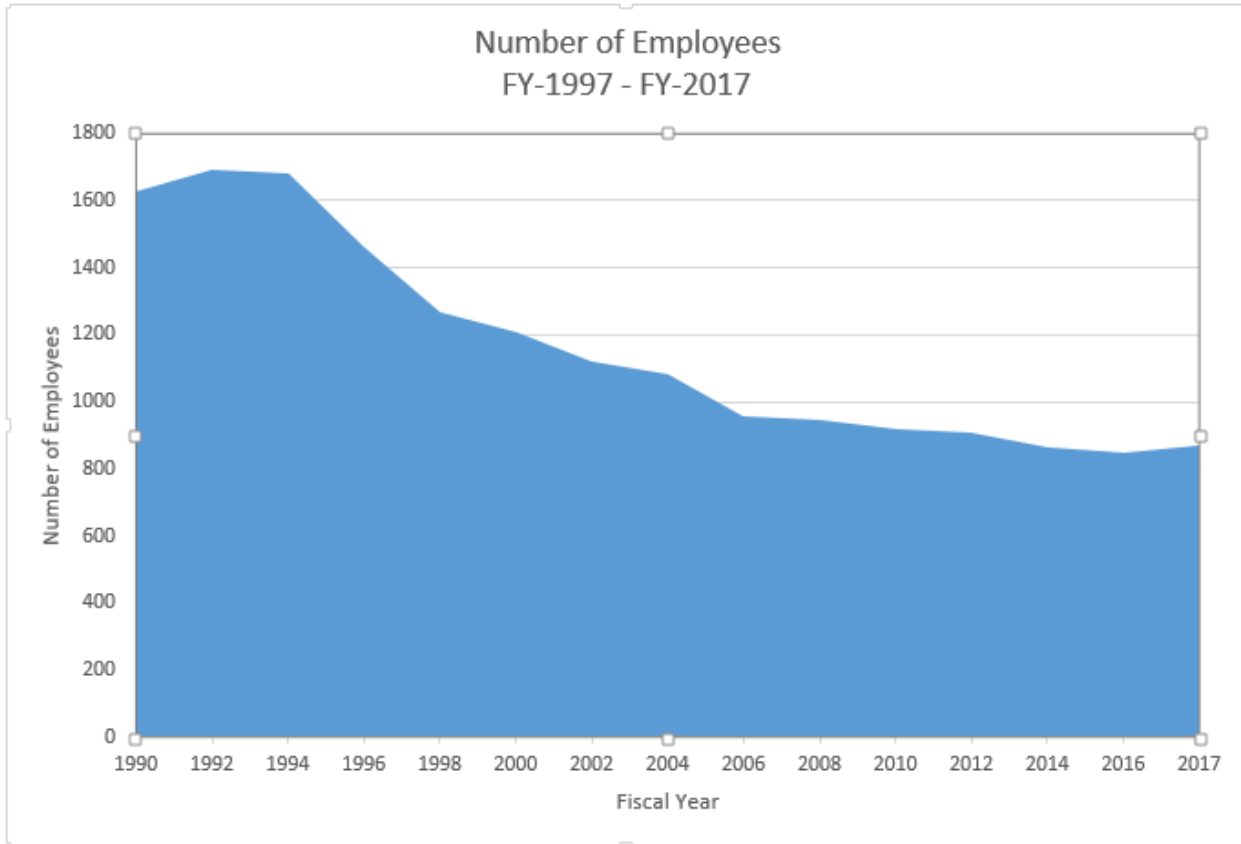
1. **PROPOSAL: Legacy Systems Modernization [Improve organizational efficiency and effectiveness]**

What: The RRB will continue the effort to re-engineer critical legacy mainframe applications to sustain agency operations, improve customer services and enable a "future ready" RRB workforce. Using an incremental and iterative approach, we will transform high risk enterprise systems with a digital first perspective. Following a phased implementation, RRB staff will be equipped with modern tools and technologies to do their jobs in the most efficient and effective manner leading to sustained customer satisfaction in the railroad community we serve.

Why: Many of the RRB's existing systems are dated, complex, and require large investments in maintenance from both a technical and business perspective. The mainframe environment includes 200 distinct application systems consisting of more than 4,200 custom programs using 12 million lines of legacy COBOL programming code that have been constantly patched, and not re-engineered to meet new legislative mandates. In addition to work inefficiencies, securing and defending RRB's network and critical information infrastructure from cyber-attacks has become increasingly difficult. It is costly and extremely resource intensive to protect sensitive customer data in the legacy systems.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

How: The reengineering effort is being accomplished through the use of a bid contract for the gradual, phased transition to a distributed architecture with open standards. Our strategy encompasses multiple iterations over various phases in a new environment to minimize impact to the current legacy environment. The first phase makes use of automated code conversion tools as well as automated test and data validation tools, to transform the 12 million lines of legacy mainframe-based COBOL programming code. At the end of each iteration, the updated code in the current legacy systems is brought over for incremental conversion. Systems will run in parallel during the final iteration to gain confidence of the migrated systems in the new environment. After the completion of the first phase of code transformation, the remaining phases focus on the consolidation of benefit processing services and enabling these services to be Cloud ready.

Costs & Savings: While upfront costs of the multi-year, iterative legacy transformation are significant with an estimate of approximately $18.3 million through FY-2020, by actively pursuing the continued automation and modernization of its various processing systems, RRB will be able to more efficiently and effectively support its mission and improve operations. This will allow the agency to reduce staffing in certain areas, resulting in an average annual salary cost savings of approximately $113,000 for each FTE.

Statutory, Regulatory, and Administrative Analysis: The proposed changes require no underlying statutory, regulatory, or other legal authorities, poses no increased litigation risk, and can be done administratively.

Performance Goals: Contract service delivery is adhering to a specified delivery checklist and associated timeframe. As such, progress towards established goals is measured and undergoes continuous oversight. We will continuously monitor, measure, and perform value driven services to ensure the predictable outcome of a successful migration.

Strategic Goal: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources. - Ensure the Accuracy and Integrity of Operations

2. **PROPOSAL: Citizen Services Improvements** **[Improve organizational efficiency and effectiveness]**

What: The RRB will continue to implement self-service digital solutions to our customers and end users. We will enable secure self-service access to personal account statements and individualized information about the status of claims and benefits, as well as allowing access to industry standard features such as the online benefit estimates. These enhancements will assist railroad workers and their families in the completion and tracking of online applications as well as claims, payments, and other documentation.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

Why: Secure web-based services can prevent needless delays and ensure that railroad employees who are planning to retire are aware of what steps to take and what documents are required when applying for an annuity. This will reduce unnecessary delays to payments. In addition, beneficiaries are increasingly "tech-savvy" and demand the flexibility of self-service options for checking eligibility, application processing, and claims status inquiries.

How: Similar to online banking services, these self service solutions will be built using secure communications and with strong authentication and identity management. The architecture is flexible to support a variety of end user computing devices including smart phones. We will leverage modern security standards namely web and database application firewalls to protect the customer data in transit and which will be stored in the current legacy mainframe systems. As the legacy systems migration completes, these citizen based services will be enhanced to leverage cloud based applications. We will also deploy paperless statements online to cut down on postage and mailings, and to provide the right information to the customer in a secure communication. These paperless statements are interactive and enable the railroad employee to perform "what-if" type analysis, such as adjusting the retirement date to see how the benefit amount change.

Costs & Savings: Initial costs are estimated at approximately $1.425 million in FY-2018 through FY-2020. However, the improvements will reduce the need for current staffing levels in the field while improving overall customer service.

Statutory, Regulatory, and Administrative Analysis: The proposed changes require no underlying statutory, regulatory, or other legal authorities, poses an acceptable litigation risk, and can be done administratively.

Performance Goals: RRB will monitor customer satisfaction via the American Customer Satisfaction Index (ACSI), a national indicator of customer evaluations of the quality of goods and services available to U.S. residents. A Customer Satisfaction Study from 2015 will form the baseline for customer satisfaction improvements.

Strategic Goal 1: The RRB will Provide Excellent Customer Service. - Provide a Range of Choices in Service Delivery Methods

Strategic Goal 2: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources. - Ensure the Accuracy and Integrity of Operations

RAILROAD RETIREMENT BOARD

Agency Reform Plan

3. **PROPOSAL: Enterprise Infrastructure Solutions [Improve organizational efficiency and effectiveness]**

What: The General Services Administration (GSA), Federal Acquisition Service (FAS), Office of Telecommunications Services (OTS) created the Enterprise Infrastructure Solutions (EIS) program to provide an acquisition vehicle for agency customers across the Federal Government and other eligible users, to acquire simple to complex telecommunications and networking infrastructure services from one or more contractors. GSA currently manages telecommunications acquisition programs that provide close to $2 billion of services annually to more than 130 government agencies. GSA has established a single new program, Enterprise Infrastructure Solutions (EIS), to replace all of the existing contract vehicles. EIS is planned to serve as a flexible, solution-oriented vehicle that will allow agencies to define, acquire and manage agency enterprise technology, serving their individual mission needs over its 15 year contract life. The EIS contract is the main component of GSA's telecommunications portfolio. It is replacing GSA's current Networx Universal and Enterprise contracts as well as GSA Regional Local Service Agreements for government telecommunications and infrastructure solutions. The EIS contract, with a 15-year period of performance (one 5 year base and two 5 year options), is valued at $50 billion and will provide a $75 million minimum revenue guarantee per awardee. EIS is the successor vehicle required for GSA to continue fulfilling its Congressional mandate to provide telecommunications services for the Federal Government. Section 5124(b) of the Clinger-Cohen Act (CCA) states, "notwithstanding any other provision of this or any other law, the Administrator of General Services shall continue to manage the FTS 2000 program, and to coordinate the follow-on to that program, on behalf of and with the advice of the heads of executive Agencies."

Why: The current generation of national and regional programs—including GSA's Networx contract will expire in spring 2020. The RRB must migrate all services from the Networx contract and Local Service Agreements to a new contract vehicle.

How: GSA and their EIS program support contractors developed proprietary software to assist agencies with the transition. The software is designed to aid the RRB in creating and reviewing Statements of Work as well as assist in reviewing solicitation response. The RRB will be issuing four major solicitations. The first solicitation will be for Web Content delivery services. These services will provide a publicly accessible web interface to access www.RRB.gov. The second solicitation will address the agencies Enterprise-wide Voice Communications. Services included in the Voice solicitation include Automatic Call Distribution (ACD), Interactive Voice Response (IVR), call conferencing, station-to-station calling (on-network and off-network), National Toll Free Services and other collaboration tools. The third solicitation is the RRB's Wide Area Network (WAN) Multiprotocol Label Switching (MPLS) data communications. This will include the Field Offices and other remote location data communications. The fourth solicitation will address to the RRB's non-MPLS WAN. This will include the agencies public internet connectivity, other inter-agencies and business partner data network connectivity.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

Much of the transition will migrate existing technology to similar or enhanced technology where applicable. The RRB will pursue technological enhancements and efficiencies factoring in return on investment, capital expense, and human capital effort.

Costs & Savings: Migrating our existing infrastructure and hosted technology to the EIS contract will require approximately $2.4 million through FY-2020 for service related equipment, services and parallel operations. *(The majority of funding will be needed in FY-2019 as the Agency moves forward with implementation of the EIS contract.)* The RRB will pursue savings by using GSA's increased supplier competition and price transparency via the GSA Pricer and Prices Paid in the GSA Acquisition Gateway. If the RRB did not utilize the EIS contract and went at it alone, we would face tremendous costs and additional procurement activities trying to secure the numerous required business operating communication and technology services via contracting.

GSA pursued an innovative geographic coverage approach which provides agencies with needed coverage. At the same time, they increased the number of suppliers and established a robust competitive federal marketplace by aggregating the overall federal spend for advanced network-enabled products/services and infrastructure.

Statutory, Regulatory, and Administrative Analysis: The proposed changes require no underlying statutory, regulatory, or other legal authorities, poses no increased litigation risk, and can be done administratively.

Performance Goals: Utilizing the EIS contract will increase the RRB's ability to incorporate emerging technologies securely as they become available to the commercial market place while using the EIS contract's flexibility to adjust to rapidly changing requirements. The RRB will utilize GSA's provided services to ensure the contractors are adhering to their commitment timelines and service level agreements.

Strategic Goal: The RRB Will Provide Excellent Customer Service - Provide a Range of Choices in Service Delivery Methods.

4. **PROPOSAL: Electronic Records Utilization and Paperless Processing** [Improve organizational efficiency and effectiveness]

What: The RRB proposes to establish an electronic imaging and records system which will eliminate a significant portion of its paper-based processing. RRB will also migrate to paperless disability program processing as a future automation goal.

Why: Automating manual processes is critical for increasing employee efficiency and effectiveness in a benefits-paying environment. In addition, migration to an electronic method of processing disability claims would provide a means for real-time detection and prevention of disability fraud by facilitating greater data modeling to reduce fraud, waste and abuse while also enabling the use of data mining techniques that will assist auditors and investigators.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

How: Through the identification and prioritization of potential enhancements to the current system including electronic export of e-mails, third party documents and faxes, as well as streamlining the process of scanning a folder to imaging, or importing electronic documents received from outside sources to RRB's system.

Costs & Savings: In FY-2017, responses to a Request for Information were received from eight potential vendors. Initial estimates of cost range from $750,000 and $2.2 million. The lowest offer is from the incumbent Imaging contractor, which would not have to migrate extant documents. In terms of cost savings, the efficiencies and process improvements that would result from an Optical Character Recognition (OCR) capable system that supports features commonly found in state-of-the-art imaging systems will allow redirection of staffing in Field Service (FS) to higher level work and the redirection of any staff savings within the Office of Programs (OP) to strengthen ongoing program integrity efforts.

Statutory, Regulatory, and Administrative Analysis: The proposed changes require no underlying statutory, regulatory, or other legal authorities, poses an acceptable litigation risk, and can be done administratively.

Performance Goals: Due to the high accuracy rate of (99% - 100%) of current imaging operations, Programs Evaluation Management Staff will conduct quarterly paper-to-image reviews. The review will rotate between 100 RUIA and 100 RRA documents scanned and indexed at headquarters and annual reviews of RRA and RUIA documents scanned at each of the 53 FS offices. In FY-2016, the accuracy rate of the manual imaging process carried out at headquarters and all FS offices was 99.47%. This is an on-going indicator that our mission is being accomplished. In addition, documents which go directly into the imaging system are monitored daily by the Imaging Analysts in Policy & Systems (P&S). There is no current backlog of imaging work but that too will continue to be monitored.

Strategic Goal: The RRB will Provide Excellent Customer Service-Provide a Range of Choices in Service Delivery Methods

5. **PROPOSAL: Toll Free Service Improvements [Improve organizational efficiency and effectiveness]**

What: Re-route toll-free calls to increase efficiency

Why: To provide better service to the public and more efficiently serve the public

How: The RRB has long provided service to beneficiaries and employees through use of a toll-free number. The RRB is in the process of making enhancements to the toll-free system that will route calls to field personnel in any office, rather than within the geographical region of the call. This enhancement will more effectively use RRB field personnel and reduce wait times for our customers.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

Costs & Savings: There are no anticipated costs to this plan. The savings will be seen by reductions in salary and benefit costs due to staff attritions, along with the ability to use existing personnel in well-staffed offices to meet the customer service driven mission of the Agency. **Statutory, Regulatory, and Administrative Analysis:** The proposed changes require no underlying statutory, regulatory, or other legal authorities, pose no increased litigation risk, and can be done administratively.

Strategic Goal: The RRB will Provide Excellent Customer Service-Provide a Range of Choices in Service Delivery Methods

6. **Proposal: Secure Consolidation for Mainframe Services [Improve organizational efficiency and effectiveness**

What: Migration of the RRB's current mainframe computer operations to the National Information Technology Center (NITC).

Why: RRB's current mainframe is reaching end-of-life, which will force the RRB to spend additional funds to replace the system internally by FY-2019. When the mainframe reaches end-of-life, the primary vendor stops supporting this version of the mainframe and there are no more security patches to fix future threats. The end-of-life hardware starts to fail more often, which will lead to significant delays in fulfilling our mission, namely sending out benefit payments. Our strategy is to use a shared service provider who has a large staff of mainframe System Engineers who can deliver these mainframe services to RRB in a secure and efficient manner.

How: RRB leverages the U.S. Department of Agriculture – National Information Technology Center (NITC), in Kansas City for the RRB's Continuity of Operations Plan (COOP), and annually tests the mainframe services with them. The strategy is to transition all our mainframe services to NITC and decrease our dependence on our datacenter and our mainframe Systems Engineers. The plan includes expansion of our tapeless backup and recovery process, continuing to enforce Multi-factor authentication on all secure remote access connections, and ensuring reliable data exchange with our partners at Treasury, Social Security Administration (SSA), and Centers for Medicare and Medicaid Services (CMS).

Costs & Savings: The cost of migrating mainframe operations to NITC will be approximately $8.6 million from FY-2018 through FY-2020. However, once completed the RRB mainframe support staff will be reduced dramatically and the risks of losing critical knowledge of outdated technology due to retirement will no longer be an issue.

Statutory, Regulatory, and Administrative Analysis: The proposed changes require no underlying statutory, regulatory, or other legal authorities, poses no increased litigation risk, and can be done administratively.

Strategic Goal: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources. - Ensure the Accuracy and Integrity of Operations

RAILROAD RETIREMENT BOARD

Agency Reform Plan

Additional Recommended Future Statutory Changes:

The following recommend changes are deemed necessary but are not included as formal proposals since they lie outside the jurisdiction of the RRB to enact:

- **Amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies.**

Section 7(b) (9) of the Railroad Retirement Act contains language requiring that all employees of the Railroad Retirement Board, except for one assistant for each Board Member, must be hired under the competitive civil service.

Elimination of this requirement would enable the Railroad Retirement Board to use various other hiring authorities offered by the Office of Personnel Management.

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

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

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

Under this proposal, both the Railroad Retirement Act and the Railroad Unemployment Insurance Act would be amended to include a felony charge similar to violations under 42 U.S.C. § 408, 18 U.S.C. § 1001, or 18 U.S.C. § 287. This amendment would strengthen the agency's enforcement tools and serve as a deterrent to individuals who might otherwise consider committing fraud against the agency.

- **Amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and to waive the customary fees for the RRB.**

The Social Security Act provides for a National Directory of New Hires (NDNH); a federal database of employment and unemployment insurance information administered by the Office of Child Support Enforcement within the Department of Health and Human Services (HHS). The Directory is used to enhance child support payments and in enforcement of the tax laws of the United States. In addition, the Commissioner of Social Security is granted access to the Directory.

RAILROAD RETIREMENT BOARD

Agency Reform Plan

While the 2017 Budget included a package of proposals to allow additional programs and agencies authority to access the National Directory of New Hire Data, access to this data is tightly controlled by statute, and HHS implements strong privacy, confidentiality, and security protections to protect the data from unauthorized use or disclosure. Currently several programs are successfully using this data for program integrity, implementation, and research purposes, and the use of that data has led to important insights and program integrity gains. The 2018 Budget proposed to build on this strong history of data stewardship and protection to allow additional programs and agencies to access this valuable data to learn what works and improve program implementation, while continuing to protect the privacy, security and confidentiality of that data. The Railroad Retirement Board pays benefits under both the Railroad Retirement and Railroad Unemployment Insurance Acts that are based in part on a claimant's earnings. The RRB currently conducts wage matches with all 50 States to detect improper payments. The 2018 Budget proposed access to NDNH for RRB to conduct wage matches, establish eligibility for disability benefits in a more efficient manner, and detect potential improper payment of benefits under the Railroad Retirement and Railroad Unemployment Insurance Acts.

Public Feedback: Through the Whitehouse reform portal, members of the public submitted 2, 697 comments which mentioned the Railroad Retirement Board. Most of these were general comments on reforming the executive branch. Only 45 of these mentioned the Railroad Retirement Board specifically. None contained specific information on how to improve the Railroad Retirement Board.

II.   AREAS FOR REFORM WORKFORCE MANAGEMENT

What: Reduce the agency workforce through attrition.

Why: As various reform initiatives, particularly automation, are initiated the need for personnel will decrease.

How: In FY-2017, 24% of current agency workforce will be eligible to retire. This percentage increases to 36% by 2020. On average 49 employees retire per year. The Board should be able to reduce its ceiling and personnel costs through attrition

Costs & Savings: By selectively filling future vacancies, the Board should be able to reduce future personnel costs. With attrition, we expect to reduce vacancies by 28 FTEs, leaving the RRB with 832 FTEs in FY-2017.

Statutory, Regulatory, and Administrative Analysis: The proposed changes require no underlying statutory, regulatory, or other legal authorities, pose no increased litigation risk, and can be done administratively.

Human Capital Plan Goal: We will recruit, hire, develop and retain a diverse workforce with the strategic competencies required for mission-critical positions.

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APPENDIX 1

III.   RRB PLAN TO MAXIMIZE EMPLOYEE PERFORMANCE

The Railroad Retirement Board's (RRB's) plan to maximize employee performance consists of two separate yet interrelated plans – The Human Capital Analysis Plan and the Plan to Maximize Employee Performance. By improving the organization's effectiveness and workforce management, RRB will better utilize the Federal workforce and manage our limited human capital resources. By strategically evaluating the positions within the RRB, we can then focus on maximizing employee performance. Maximizing employee performance focuses on an ever-evolving evaluation and implementation of an effective performance management system and an on-going evaluation of RRB's human resources within the Agency. This includes ensuring an efficient and effective workforce, setting an achievable and high level of performance expectations for employees, ensuring accountability for managing performance, as well as rehabilitating poor performers and/or removing employees unable to perform at an acceptable level of competence.

The RRB's workforce consists of approximately 870 employees. We have approximately 290 positions residing in roughly 40 different General Schedule (GS) occupational series. From a performance perspective, approximately 45% of RRB employees are under "production" like performance standards. In other words, close to half of our employees are evaluated based on the speed and/or accuracy in processing claims (*e.g. – retirement, survivor, unemployment, sickness and/or disability claims*) submitted by railroad industry beneficiaries.

As a testament to ensuring RRB is retaining employees on the basis of the adequacy of their performance, since FY14 RRB has taken the following **performance** based actions:

- ➤ **Adverse Actions** - Five (5) removal actions and four (4) demotion actions
- ➤ 21 Within-Grade-Increase (WIGI) denials
- ➤ 37 Performance Improvement Plans (PIPs)
- ➤ More than 50 performance based memoranda (*e.g. possible within grade increase denials; status report memoranda under applicable training agreements; and delay of career ladder promotion.*)
- ➤ Two reassignment actions (*for failure to successfully meet the terms of the requisite training agreement.)*

Human Capital Analysis Plan

The following Human Capital Analysis Plan components will address the Improve Organizational Efficiency and Effectiveness and Workforce Management categories.

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Job Analysis	→	Competency Model Development	→	Skill Gap Analysis	→	Training Needs Analysis

Human Capital Analysis consists of a series of steps that would help guide organizational design and position structure, keep positions current, and assist in maximizing employee performance. This methodology develops the resources and data necessary to continuously analyze the RRB workforce and ensure prudent, fiscally responsible personnel and organizational decisions.

- **Job Analysis -** conduct job analysis according to accepted practice to identify critical competencies for each position and grade within the RRB. This process will create an up-to-date position repository on which all other Human Capital Analysis Plan steps are based. Additionally, accurate job analysis is legally defensible and can be utilized in staffing, Human Resource Development (HRD), and performance management efforts.

- **Competency Model Development** – develop an RRB competency model utilizing job analysis information to identify agency competencies, position competencies, leadership/management competencies, and executive competencies. Each individual competency will be behaviorally defined at five proficiency levels and include example work behaviors. The use of previously validated or developed models will also be used to reduce project time.

- **Skill Gap Analysis** –job analysis and competency model development will identify the knowledge and skills need to perform a given position and at what proficiency level. A Skill Gap Analysis will be conducted based on this information to determine the gap between knowledge and skills necessary and those currently possessed at the agency and/or individual level.

- **Training Needs and Career Development Analysis** –Skill Gap Analysis results will identify knowledge and skill deficiencies throughout the agency. Utilizing those results, a Training Needs Analysis will be conducted to identify critical developmental needs and provide necessary training opportunities to improve. Additional work will be completed to better identify career paths within the RRB and necessary competencies needed for employees to progress.

The Human Capital Analysis plan supports requirements to "Develop a long-term workforce reduction plan" and a plan to "maximize employee performance" given it provides for informed decisions related to restructuring and reduction based on agency position data, and the baseline position information necessary to create a plan to maximize employee performance.

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Overall, the Human Capital Analysis plan provides an analytical framework through which data driven decisions pertaining to workforce reshaping and employee performance can be made, a key tenant of OMB M-17-22. It does so by using agency data to determine appropriate Full-Time Equivalent (FTE) baseline; examining total personnel cost; reviewing and revising (as needed) organizational design and position structure; streamlining policy; reviewing positions as they become vacant; and keeping positions current.

The Human Capital Analysis supports all of these factors both now and in the future. The Analysis ensures job data is current to assist in the identification of duplicative functions when reviewing and revising organization design and position structures. The analysis would also ensure an efficient review of positions as they become vacant.
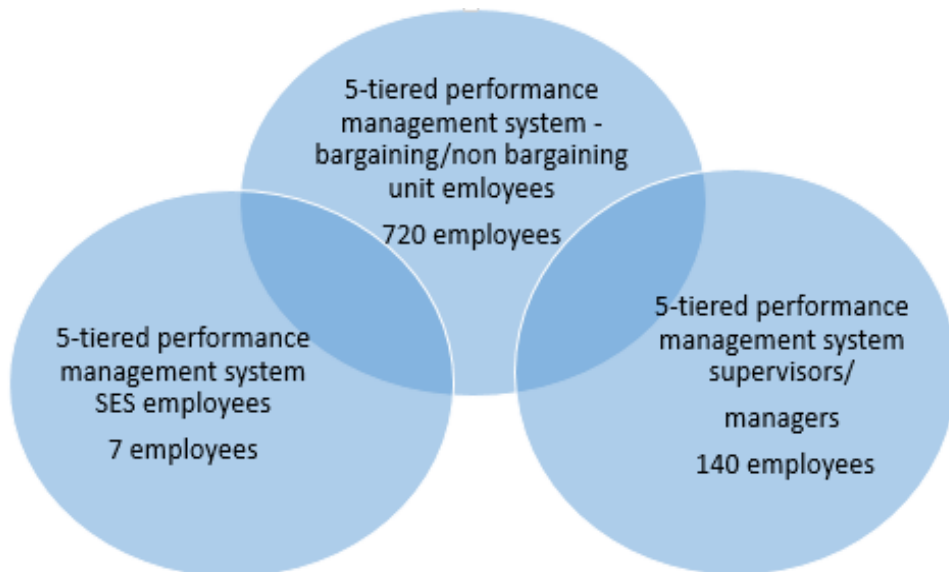
Developing an agency Competency Model identifies the critical competencies for each RRB position and defines proficiency levels. This data can then be used to conduct a Skills Gap Analysis which will help managers and employees identify the areas of improvement and address them quickly. Finally, the Training Needs Analysis will recommend developmental activities managers can recommend to their employees in order to address deficiencies timely.

The validated data developed by the Human Capital Analysis plan provides defensible outputs that can be used in situations that require performance management actions such as Performance Improvement Plans (PIP), realignments, demotions, reassignments and/or removals.

The plan maximizes employee performance by giving managers, management, and HR the tools and data needed to actively and continuously implement performance management policies and practices.

Managing Employee Performance Plan

In place at the RRB are three distinct performance management systems based on an employee's supervisory status. Represented below are three different systems within the RRB and the approximate number of employees within each performance management system:

5-tiered performance management system - bargaining/non bargaining unit emloyees
720 employees

5-tiered performance management system SES employees
7 employees

5-tiered performance management system supervisors/ managers
140 employees

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As identified in the bargaining/non bargaining performance system, modifications to performance standards must be reviewed by Human Resources (HR functions are centralized to Chicago, IL) prior to implementation. In reviewing performance standard changes and submissions, HR Employee Relations specialists utilize a performance standard checklist as well as OPM's handbook for measuring employee performance as a guide when assisting supervisors/managers in developing and implementing meaningful and relevant performance standards.

In FY15, RRB performed a 100% review of performance evaluations. The review was conducted to ensure compliance with RRB policy and to identify and correct deficiencies or errors in the evaluation. In addition, managers and supervisors are reminded to review and/or update performance standards whenever they are looking to post a vacancy announcement. In FY16, RRB conducted a random sample (with 95% confidence level and 5% allowed margin of error) of performance evaluations to ensure compliance with RRB policy and correct any deficiencies. In addition, the sample provided valuable feedback and opportunity for HR to follow-up with managers and supervisors to address unacceptable performance ratings.

Regardless of the applicable performance management system in question, performance management at the RRB is aimed at improving individual and organizational effectiveness by relating pay levels, pay adjustments and awards to individual and organizational performance. Performance management is deemed essential at the RRB and is viewed as a continuous process given performance management related decisions have the potential to impact other personnel actions (*e.g. within-grade-increases, career options, career ladder promotions, work-at-home eligibility, training opportunities, overtime qualification considerations, demotion, retention and reduction-in-force (RIF) rights.*)

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Effective performance management at the RRB provides an objective means of measuring actual work performance by considering:

Every year, new supervisors/managers attend a three-day boot camp that covers a variety of Human Resources policies and practices as well as EEO and Ethics. Performance Management and those items outlined in 5 U.S.C. 4121 and 5 CFR 412 are covered with the new supervisors and managers. In addition to the three-day boot camp, new supervisors, managers and leads complete 12 online courses (each course is roughly 1 hour in length) via RRB's Learning Management System (RRB University) as a pre-requisite to attending the in-person boot camp. Supervisors are provided 22 options for the online courses (of which they must select and complete 12.) The courses cover such topics as: leadership essentials, management essentials, first time manager concepts, strategic thinking, problem solving, and dealing with workplace conflict.   As a complement to the items supervisors and managers learn during the boot camp, managers are provided, a supervisory reference guide. This guide further outlines and solidifies manager's roles and responsibilities within the performance management system at the RRB and serves as a reference tool and guide for the day-to-day performance management system.

In addition, a relatively new feature HR has introduced (in part based on a FY 2017 OPM Human Capital audit recommendation) are manager and supervisory performance based classroom workshops offered to managers and supervisors (regardless of tenure) that cover such topics as: taking a performance based action, developing performance standards, developing a performance improvement plan (PIP) and roles and responsibilities during the PIP, and evaluating employee performance. Participation and roster information for the HR hosted performance based courses are managed through our agency's Learning Management System – RRBUniversity.

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The following addresses the timeline and implementation actions for improvement at the RRB with respect to supporting managers in managing employee performance:

Action	Comments	Timeline
1) Review and Update Formal Agency Policy on applicable Performance Management Systems	All three performance management policies need revision. The manager/supervisor performance management system was last updated in 1996; SES plan 2001; and the bargaining/non-bargaining unit non-supervisory appraisal system was last updated in 1981 with revisions done in 1985.	A) Supervisor/Manager Performance Management plan – Update internally by October 1, 2017 – review/remove any procedures which create unnecessary burdens and remove steps not required in statute. Ensure language is included in the policy that requires accountability in managing employee performance and/or conduct. B) Senior Executive Service Performance Management Plan – Update internally by October 1, 2017. Review/remove any procedures which create unnecessary burdens and remove steps not required in statute. Ensure language is included in the policy that requires accountability in managing employee performance and/or conduct and goal/mission of the Agency. C) Non-supervisory Performance Management Plan (bargaining and non-bargaining) – Update internally by October 1, 2018. Bargaining obligations will need to be met with the AFGE for bargaining unit employees.
2) Update and Implement Leave Policy for the RRB		A) Update Leave Policy to include information pertaining to the Administrative Leave Act of 2016 and in accordance with the 2017 National Defense Authorization Act (NDAA) by September 30, 2017.

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Action	Comments	Timeline
3) Provide Transparency around the Performance Improvement plan (PIP) Process	RRB currently tracks all Employee Relation cases to include number of PIPs and those successfully completed as compared to those that have been unsuccessful. Since FY13, we have issued close to 40 PIPs (our PIPs are 60 days in length). Most employees improve to at least the minimally successful level during the PIP process.	1) Update RRB Supervisory Reference guide on Performance Management and disseminate to all supervisors and managers (last updated in May 2014) by July 1, 2017. 2) Initial PIP classroom workshops training launched for supervisors and managers by August 7, 2017.
4) Ensure Managers and Supporting HR Staff are Appropriately Trained	Budget allowing, HR Specialists regularly participate in conferences and seminars pertaining to a host of employee relations matters (performance and/or conduct) throughout the year. Also, HR specialists are provided updated information on significant decisions in case law and updated OPM regulations and/or guidance regularly.	1) HR personnel - Participate in OPM sponsored webinars and review – Ongoing 2) June 1, 2017 – Completed Instructor Led Training (ILT) – Performance Management Supervisory Training 3) July 21, 2017 – ILT – creating performance standards 4) August 2017 – new supervisor boot camp 5) August 7, 2017 – roles and responsibilities during the PIP process. 6) 2018 and beyond – ensure ILT sessions occur once a quarter for managers/supervisors.

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Action	Comments	Timeline
5) Ensure Accountability in Manager Performance Plans	Since at least 1985, managers and supervisors have, as a critical element in their performance plans, the responsibilities to effectively administer the performance appraisal program.	1) By July 31, 2017 - Review critical elements pertaining to all manager and supervisory performance plans. 2) By October 1, 2017 - Ensure accountability for employee performance is included in managerial/supervisory performance plans.
6) Establish Real-Time Manager Support Mechanisms	Given we are a smaller Agency and our HR functionality is centralized to one location (which covers close to 80% of our managerial/supervisory population), managers have immediate and direct access to a team of seasoned ER/LR specialists. Our ER/LR specialists are designated by division so they can learn and understand the unique business functionalities of the clients.	On-going 1) Conduct supervisory forum for supervisors/managers to discuss performance matters to include consistency in evaluation of employee performance. Host 1-2 sessions per year. Initiate program in November 2017.

In Summary

Both the RRB Human Capital Analysis plan and the Plan to Maximize Employee Performance supports and/or directly addresses the key requirements and aspects of OMB Memorandum M-17-22 – *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*. The systematic method of analysis in the Human Capital Plan will yield data and recommendations to assist in the long-term management of human capital within the Agency. The feedback, training and revisions to the performance management systems within the RRB ensures critical agency responsibilities and goals are met by employees with the necessary critical knowledge and skill competence.