
RAILROAD RETIREMENT BOARD

**JUSTIFICATION OF
BUDGET ESTIMATES**



FISCAL YEAR 2019



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

BOARD MEMBERS:

VACANT, CHAIRMAN

WALTER A. BARROWS, LABOR MEMBER

STEVEN J. ANTHONY, MANAGEMENT MEMBER

The Honorable Paul D. Ryan
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

In compliance with the Office of Management and Budget (OMB) Circular No. A-11, enclosed is our Congressional Justification of Budget Estimates for Fiscal Year 2019, which includes our Performance Plan for the year. This budget complies with OMB guidance and is in accordance with the President's proposals. The President's proposed budget provides for \$115,225,000 for the Railroad Retirement Board's (RRB) administrative expenses in fiscal year 2019. We estimate that the proposed funding will provide for a staffing level of 757 full-time equivalent staff years (FTEs) and also provide Information Technology (IT) investments of \$4 million of which \$2.4 million is designated for Enterprise Infrastructure Solutions (EIS) and \$1.6 million toward furthering efforts to modernize our legacy benefit systems.

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 IT improvements and initiatives to better support a leaner agency, while achieving the agency's mission. Budget projections show that at the President's proposed budget level of \$115,225,000, the agency would need to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force to reach 757 FTEs, which is 93 FTEs less than what is needed to sustain the agency's mission essential functions.

The President's proposed budget provides funding for the RRB's top IT investment priority, EIS, and some funding to continue efforts toward systems modernization; however, the agency would be unable to fund a significant number of other mission critical IT investments. The IT investments initiatives that would remain unfunded include: components of the Legacy Systems Modernization Services, Electronic Records Utilization and Paperless Processing, components of Cyber Security and Privacy, Financial Management Integrated Systems Upgrade, and Records Management System. The agency's proposed IT investment initiatives are critical to the RRB's Agency Reform Plan as submitted in accordance with OMB Guidance M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Workforce," as well as promotes compliance with the President's Executive Order, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure*, dated May 11, 2017 and the related OMB Memorandum, M-17-25.

In addition to the requests for administrative expenses, the President's budget includes \$19,000,000 to fund the continuing phase-out costs for vested dual benefits. An additional amount, not to exceed 2 percent, would also become available if projected dual benefit payments for the year exceed the amount available for payments.

Also, presented in the budget is a request for \$150,000 for interest related to uncashed railroad retirement checks. The \$150,000 is being requested for a 2-year period, and would be available through September 30, 2020. All of the amounts presented in this letter exclude funding for the RRB's Office of Inspector General, which submits separate budget and performance information.

The President's Budget includes three legislative proposals. The first legislative proposal proposes to amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies. The second legislative proposal proposes to 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 legislative proposal proposes that the RRB be provided access to the National Directory of New Hire (NDNH), a federal database of employment and unemployment insurance information. Access to NDNH supports the RRB's program integrity efforts to prevent improper payments.

Thank you for your support of this proposed budget.

Sincerely,

Original Signed
Walter A. Barrows
Steven J. Anthony
February 12, 2018

Enclosure

cc: The Honorable, Mick Mulvaney, Director
Office of Management and Budget



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RAILROAD RETIREMENT BOARD
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CHICAGO, ILLINOIS 60611-1275

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VACANT, CHAIRMAN

WALTER A. BARROWS, LABOR MEMBER

STEVEN J. ANTHONY, MANAGEMENT MEMBER

The Honorable Michael R. Pence
President of the Senate
Washington, D.C. 20510

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Sincerely,

Original Signed
Walter A. Barrows
Steven J. Anthony
February 12, 2018

Enclosure

cc: The Honorable, Mick Mulvaney, Director
Office of Management and Budget

JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 2019

TABLE OF CONTENTS

	<u>Page Number</u>
AGENCY OVERVIEW	
Summary of Appropriation Estimates for Fiscal Years 2018 and 2019.....	1
Agency Overview.....	2
Programs Administered by the Railroad Retirement Board.....	3
Financing of Railroad Retirement Benefits.....	3
Financing Provisions of the Railroad Retirement and Survivors’ Improvement Act of 2001.....	4
Financing of Unemployment and Sickness Insurance Benefits.....	5
Description of Appropriation Requests.....	6
The Board Members.....	7
Railroad Retirement Board Organization Chart.....	8
LIMITATION ON ADMINISTRATION	
Proposed Appropriation Language.....	9
Explanation of Proposed Appropriation Language.....	10
Authorizing Legislation.....	11
Budget Authority by Object Classification.....	12
Summary of Changes.....	13
Budget Authority by Strategic Goal.....	14
Staffing History.....	15
Funding for Major Contracts.....	16
Budget Authority by Fund.....	20
Financing.....	21
Sources and Uses of Funds.....	22
Amounts Available for Obligation.....	23
Appropriations History Table.....	24
Retirement/Survivor Benefit Program Summary Processing Workload Table.....	25
Unemployment/Sickness Insurance Program Summary Processing Workload Table..	26

TABLE OF CONTENTS

	<u>Page Number</u>
PERFORMANCE PLAN	
Fiscal Year 2019 Performance Plan.....	27
DUAL BENEFITS PAYMENTS ACCOUNT	
Proposed Appropriation Language.....	49
Explanation of Proposed Appropriation Language.....	50
Authorizing Legislation.....	51
Appropriations History Table.....	52
Funding Sources.....	53
Amounts Available for Obligation.....	54
Explanation of 2019 Request.....	55
FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS	
Proposed Appropriation Language.....	57
Explanation of Proposed Appropriation Language.....	58
Authorizing Legislation.....	59
Appropriations History Table.....	60
Amounts Available for Obligation.....	61
Explanation of 2019 Request.....	61
INFORMATION TECHNOLOGY INITIATIVES	
Information Technology Investment Initiatives	63
OTHER INFORMATION	
Summary of Full-time Equivalent Employment.....	69
Average ES and GS/GM Salaries and Benefits, and GS/GM Grades.....	70
Employee Relocation Expenses.....	70
Legislative Proposals.....	71

RAILROAD RETIREMENT BOARD

SUMMARY OF APPROPRIATION ESTIMATES
FOR FISCAL YEARS 2018 and 2019

Account	Fiscal Year 2018		Fiscal Year 2019		Page
	FTEs	Amount	FTEs	Amount	
Limitation on Administration	818	\$113,500,000 <u>a/</u>	757	\$115,225,000	9
Dual Benefits Payments Account	—	\$25,000,000 <u>a/</u>	—	\$19,000,000 <u>b/</u>	49
Federal Payments to the Railroad Retirement Accounts	—	\$150,000 <u>a/</u>	—	\$150,000 <u>c/</u>	57
Limitation on the Office of Inspector General	52	\$10,000,000 <u>a/</u>	45	\$8,437,000 <u>d/</u>	—

a/ A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The Fiscal Year 2018 estimate amount shown is in accordance with Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 that provided continuing appropriations from October 1, 2017 through December 8, 2017; 115-90, Making further continuing appropriations for fiscal year 2018, and other purposes that provided continuing appropriations from December 9, 2017 through December 22, 2017; and 115-96, Further Additional Continuing Appropriations Act, 2018 that provided continuing appropriations from December 22, 2017 through January 19, 2018, without the reduction applied.

b/ The proposed appropriation language provides for \$19,000,000 to fund vested dual benefits from general revenues of which \$1,000,000 is expected from income taxes on vested dual benefits. An additional 2 percent reserve will become available only if the product of recipients and the average benefit received exceeds the amount available to pay vested dual benefits. The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB's Actuarial estimate.

c/ This amount reflects our latest estimate for interest related to uncashed railroad retirement checks and will remain available through September 30, 2020.

d/ This limitation is for the Railroad Retirement Board's Office of Inspector General, which submits a separate budget justification document and annual performance plan.

AGENCY OVERVIEW

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 insurance benefit programs for the nation's railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage. It also assists in the administration of the Internal Revenue Code.

The RRB is headed by three Board Members appointed by the President of the United States with the advice and consent of the Senate. By law, one member is appointed upon recommendations made by railroad labor organizations and one upon recommendations of railroad employers. The third member, the Chairman, represents the public interest. The Board Members' terms of office are 5 years and expire in different years. The President also appoints an independent statutory Inspector General for the RRB (who functions outside the control of the Board Members, but who reports directly to the Chairman for administrative purposes) who is to prevent and detect waste, fraud, and abuse in RRB programs and operations.

During fiscal year 2017, the RRB paid \$12.6 billion, net of recoveries and offsetting collections, in retirement and survivor benefits to about 548,000 beneficiaries. This included benefits paid on behalf of the Social Security Administration amounting to \$1.6 billion to about 116,000 beneficiaries. The RRB also paid unemployment-sickness benefits of \$104.6 million, net of recoveries and offsetting collections. About 12,000 railroad workers received unemployment insurance benefits, and approximately 16,000 received sickness insurance benefits.

Programs Administered by the RRB

Railroad Retirement Act

Under the Railroad Retirement Act, the RRB makes monthly benefit payments to qualified railroad employees who retire because of age or disability, to eligible spouses of such employees, and to survivors of deceased employees. Total and permanent disability annuities are payable to employees unable to work at any job, and occupational disability annuities are payable to career railroad employees unable to work at their regular railroad jobs. Supplemental annuities are payable to career railroad employees with service prior to October 1981. There are also provisions for lump-sum payments.

The Railroad Retirement and Survivors' Improvement Act of 2001 (P.L. 107-90), enacted on December 21, 2001, made a number of major changes to the Railroad Retirement Act. The legislation provided for full early retirement eligibility at age 60 for railroad employees with 30 or more years of service; eliminated the maximum provision that had previously capped some employee and spouse railroad retirement benefits; reduced the basic eligibility requirement for an employee annuity from 10 to 5 years if performed after 1995; and provided increased benefits for some widow(er)s. The Act also authorized the National Railroad Retirement Investment Trust to manage and invest the assets of the railroad retirement system in the same array of investment alternatives available to private sector pension plans.

The RRB also administers certain vested dual benefits financed by annual appropriations from general funds. As of September 30, 2017, about 11,000 beneficiaries received vested dual benefits.

Railroad Unemployment Insurance Act

Under the Railroad Unemployment Insurance Act, the RRB pays unemployment insurance benefits to railroad workers who are unemployed but ready, willing, and able to work, and sickness insurance benefits to railroad workers who are unable to work because of illness, injury, or pregnancy. The RRB also assists unemployed railroad workers in securing employment.

Financing of Railroad Retirement Benefits

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by covered employers and their employees. 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 benefit levels.

Other sources of income currently include Federal income taxes on railroad retirement annuities, appropriations from general funds of the Department of the Treasury (Treasury) provided to phase-out vested dual benefits, interest on investments, and the financial interchange with the social security trust funds. The financial interchange places 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. In effect, through the financial interchange, the

portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system, thereby extending social security protection to railroad workers. The Social Security Equivalent Benefit Account is charged with railroad retirement benefit payments equivalent to social security benefits, and credited with taxes and transfers associated with those benefits.

Vested dual benefits are funded by annual appropriations from general funds of the Treasury and paid from a separate account, the Dual Benefits Payments Account. Since October 1, 1988, revenue from income taxes on these benefits has also been credited to the Dual Benefits Payments Account. If the appropriation in a fiscal year does not cover total benefits, individual payments must be reduced by proration.

Amounts needed to administer these programs are authorized by the Congress in annual appropriation acts. In addition, the Centers for Medicare and Medicaid Services and others reimburse the RRB for certain activities. Beginning in fiscal year 2013, a contractor provides Specialty Medicare Administrative Contractor (SMAC) Services to the RRB and Railroad Medicare beneficiaries and their medical series providers, nationwide, for Part B Medical Services. In fiscal year 2019, it is estimated that the RRB will be reimbursed about \$27.9 million for such costs. The estimate includes \$18 million for SMAC.

Financing Provisions of the Railroad Retirement and Survivors' Improvement Act of 2001

Investment changes. The Railroad Retirement and Survivors' Improvement Act of 2001 (RRSIA) provides for the transfer of railroad retirement funds from the Railroad Retirement Accounts to the National Railroad Retirement Investment Trust, whose Board of Trustees is empowered to invest Trust assets in nongovernmental assets, such as equities and debt, as well as in governmental securities. The Railroad Retirement Board also receives transfers from the Trust, as needed, to pay railroad retirement and survivor benefits.

The Trust is not an agency or instrumentality of the Federal Government. Its Board of Trustees is comprised of seven members: three members selected by rail labor to represent the interests of labor; three members selected by rail management to represent management interests; and one independent member selected by a majority of the other six members. The Trustees are appointed only from persons who have experience and expertise in the management of financial investments and pension plans. The Trustees are subject to reporting and fiduciary standards similar to those under the Employee Retirement Income Security Act.

The RRB transferred \$1.502 billion, \$19.188 billion, and \$586 million to the Trust in fiscal years 2002, 2003, and 2004, respectively. The Trust has invested the transferred funds and the results of these investments are reported to the RRB and posted periodically on the RRB's website. The net asset value of Trust-managed assets on September 30, 2017, was approximately \$26.5 billion. From its inception through January 2018, the Trust transferred approximately \$21.9 billion to the RRB to pay railroad benefits, including approximately \$1.8 billion in fiscal year 2017.

Payroll taxes. Under the RRSIA, tier II taxes on both employers and employees are based on the ratio of certain asset balances to the sum of benefits and administrative expenses

(the average account benefits ratio). Depending on the average account benefits ratio, tier II taxes for employers can range between 8.2 percent and 22.1 percent, while the tier II tax rate for employees can be between 0 percent and 4.9 percent. The calendar year 2018 tier II tax rates are 13.1 percent and 4.9 percent for rail employers and employees, respectively. The maximum amount of earnings subject to tier II taxes is \$95,400 in 2018.

The RRSIA does not affect tier I social security equivalent tax rates, which are the same as for social security covered employers and employees. The tier I payroll tax rate for the year 2018 on covered rail employees and employers is 7.65 percent for employees.

For withholding and reporting purposes, the employer tax rate is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate is \$128,400 in 2018, but there is no maximum on earnings subject to the Medicare tax rate.

Supplemental annuities. The RRSIA also repealed the railroad retirement supplemental annuity tax paid by covered 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 from the Railroad Retirement Account.

Financing of Unemployment and Sickness Insurance Benefits

The railroad unemployment and sickness insurance program is financed by payroll taxes paid by covered employers. The Railroad Unemployment Insurance and Retirement Improvement Act of 1988 (Public Law 100-647) amended the Railroad Unemployment Insurance Act to provide for an experience-rated employer contribution system responsive to fluctuations in railroad employment and benefit usage.

For calendar year 2018, the minimum employer contribution rate is 2.15 percent. New employers in 2018 will pay a tax of 1.97 percent, which represents the average rate paid by all employers in the period 2014 – 2016. For 78 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2018, while 7 percent of employers will pay the maximum of 12 percent.

The 2018 rate is applied to the first \$1,560 earned monthly by each employee. In accordance with Public Law 100-647, the wage base is indexed each year to approximately two-thirds of the cumulative growth in average national wages since 1984. An employer's overall rate under the system cannot exceed 12 percent, or 12.5 percent if the maximum surcharge described below is in effect. These rates include a component to cover costs shared by all employers and 0.65 percent of the employers' taxable payroll is permanently appropriated to the RRB for administrative expenses. In addition, a surcharge is added to employers' unemployment contributions for any calendar year when the balance in the Railroad Unemployment Insurance Account on the previous June 30 is less than a certain amount. Depending on the account balance, the surcharge rate may be 1.5, 2.5, or 3.5 percent of the wage base.

Description of Appropriation Requests

Limitation on Administration

This is the single administrative account for the RRB, which provides funding for the administration of both the railroad retirement/survivor and the unemployment/sickness insurance benefit programs. Amounts needed for this limitation are derived from the Railroad Retirement Account, the Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Administration Fund.

Dual Benefits Payments Account

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.

Federal Payments to the Railroad Retirement Accounts

This account was established in conjunction with the implementation of the Railroad Retirement Solvency Act of 1983. Section 417 of the act amended the Railroad Retirement Act to provide for the reimbursement of unnegotiated benefit checks to the extent that such reimbursements are provided for, in advance, in appropriations acts. This account is the vehicle through which such appropriations are made.

Under provisions of the Competitive Equality Banking Act of 1987, funds for the principal amount of uncashed checks are appropriated to the Treasury and then transferred directly to the appropriate RRB accounts. As a result, in fiscal year 1991, the RRB began receiving credits to this account for only the interest portion of the uncashed check transfers. This account also acts as a conduit for transferring income taxes on benefits to the other railroad retirement accounts.

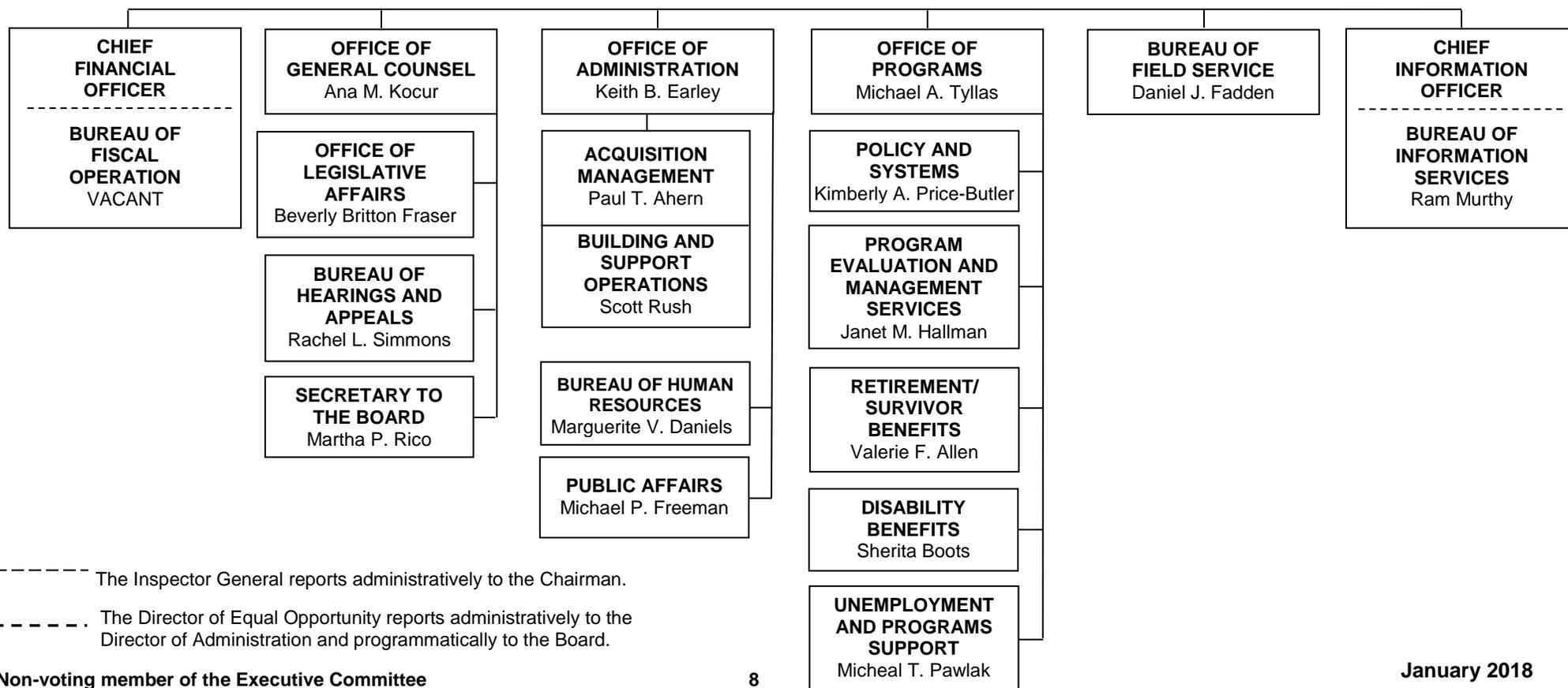
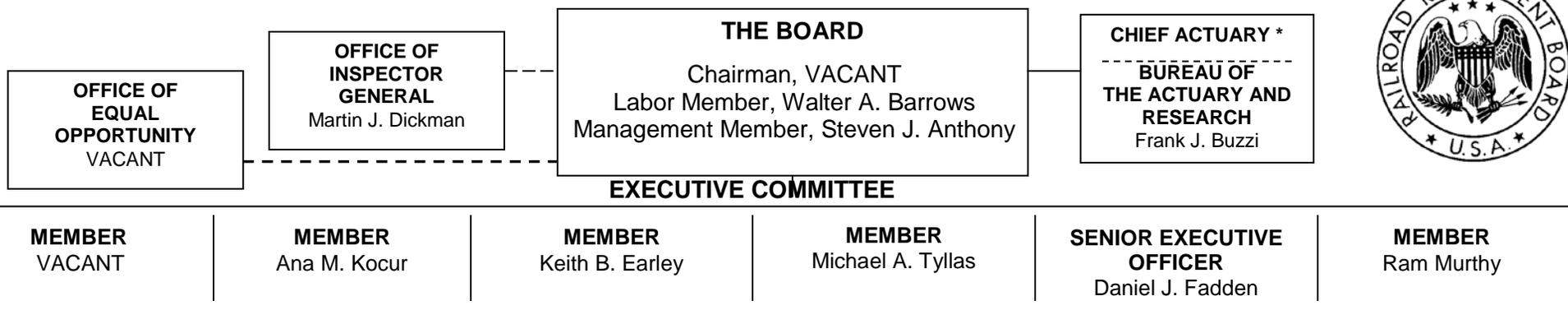
Limitation on the Office of the Inspector General

This appropriation request, which is described in a separate justification document, is for the Office of the Inspector General. The 1988 amendments to the Inspector General Act of 1978 (Public Law 100-504) included the RRB as an "establishment" covered by the Inspector General Act and specified the Chairman of the RRB as the head of the establishment for purposes of the act. Previously, the Railroad Retirement Solvency Act of 1983 had amended the Railroad Retirement Act of 1974 to provide for an Office of Inspector General at the RRB.

The Board Members

<u>Incumbent's name/ (Title)</u>	<u>Term expiration Date</u>	<u>RRB compensation rate effective January 2018</u>	<u>Professional affiliations</u>
Vacant (Chairman)			
Steven J. Anthony (Management Member)	08-28-18	\$155,500	Virginia Bar, Missouri Bar, US Supreme Court Bar
Walter A. Barrows (Labor Member)	08-28-14	\$155,500	Brotherhood of Railroad Signalmen, Federal Managers' Association, American Federation of Government Employees

U.S. RAILROAD RETIREMENT BOARD



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

----- The Director of Equal Opportunity reports administratively to the Director of Administration and programmatically to the Board.

* Non-voting member of the Executive Committee

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

LIMITATION ON ADMINISTRATION

For necessary expenses for the Railroad Retirement Board ("Board") for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, \$115,225,000 to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund: Provided, That notwithstanding section 7(b)(9) of the Railroad Retirement Act this limitation may be used to hire attorneys only through the excepted service: Provided further, That the previous proviso shall not change the status under Federal employment laws of any attorney hired by the Railroad Retirement Board prior to January 1, 2013.

Note: A full year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included in 2018 reflect the annualized level provided by the continuing resolution.

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p><i>For necessary expenses for the Railroad Retirement Board ("Board") for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, \$115,225,000 to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund: Provided, That notwithstanding section 7(b)(9) of the Railroad Retirement Act this limitation may be used to hire attorneys only through the excepted service: Provided further, That the previous proviso shall not change the status under Federal employment laws of any attorney hired by the Railroad Retirement Board prior to January 1, 2013.</i></p>	<p>This budget request is for funds to administer the railroad retirement/survivor and unemployment/sickness insurance benefit programs under a single administrative account. The Limitation on Administration Account draws on the following trust fund accounts for funding: Railroad Retirement Account, Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Administration Fund.</p>

Authorizing Legislation

Legislation	2018		2019	
	Authorized	Current estimate	Authorized	Appropriation request
Authorizing legislation -- Railroad Retirement Act: Section 15(a), first two sentences of section, and Section 15A(c)	Indefinite	\$113,500,000 <u>a/</u>	Indefinite	\$115,225,000
Authorizing legislation -- Railroad Unemployment Insurance Act: Section 11(a)				

a/ A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The Fiscal Year 2018 estimate amount shown is in accordance with Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 that provided continuing appropriations from October 1, 2017 through December 8, 2017; 115-90, Making further continuing appropriations for fiscal year 2018, and other purposes that provided continuing appropriations from December 9, 2017 through December 22, 2017; and 115-96, Further Additional Continuing Appropriations Act, 2018 that provided continuing appropriations from December 22, 2017 through January 19, 2018, without the reduction applied.

Section 15(a) of the Railroad Retirement Act:

"The Railroad Retirement Account established by section 15(a) of the Railroad Retirement Act of 1937 shall continue to be maintained in the Treasury of the United States. There is hereby appropriated to such Account for each fiscal year, beginning with the fiscal year ending June 30, 1975, to provide for the payment of benefits to be made from such Account in accordance with the provisions of section 7(c)(1) of this Act, and to provide for expenses necessary for the Board in the administration of all provisions of this Act, an amount equal to amounts covered into the Treasury (minus refunds) during each fiscal year under the Railroad Retirement Tax Act."

Section 15 A(c) (1) of the Railroad Retirement Act:

"Except as otherwise provided in this section, amounts in the Social Security Equivalent Benefit Account shall be available only for purposes of paying social security equivalent benefits under this Act and to provide for the administrative expenses of the Board allocable to social security equivalent benefits."

Section 11(a) of the Railroad Unemployment Insurance Act:

"The Secretary of the Treasury shall maintain in the unemployment trust fund established pursuant to section 904 of the Social Security Act an account to be known as the railroad unemployment insurance administration fund. This unemployment insurance administration fund shall consist of (i) such part of all contributions collected pursuant to section 8 of this Act as equals 0.65 per centum of the total compensation on which such contributions are based; (ii) all amounts advanced to the fund by the Secretary of the Treasury pursuant to this section; (iii) all amounts appropriated by subsection (b) of this section; and (iv) such additional amounts as Congress may appropriate for expenses necessary or incidental to administering this Act. Such additional amounts are hereby authorized to be appropriated."

ADMINISTRATIVE EXPENSES ^{a/}
Budget Authority By Object Classification

Limitation on Administration	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019	Change (increases
<u>Direct obligations by object class</u>	<u>actual amounts(\$)</u> ^{b/c/}	<u>estimated amounts(\$)</u> ^{c/d/}	<u>estimated amounts(\$)</u> ^{c/}	<u>and decreases)</u>
Personnel compensation:				
Full-time permanent	61,607,000	63,291,000	58,950,000	-4,341,000
Positions other than permanent	767,000	541,000	386,000	-155,000
Other personnel compensation	<u>1,202,000</u>	<u>1,670,000</u>	<u>1,259,000</u>	<u>-411,000</u>
Total personnel compensation	63,576,000	65,502,000	60,595,000	-4,907,000
Personnel benefits: civilian	23,379,000	21,381,000	20,194,000	-1,187,000
Benefits for former personnel	305,000	315,000	154,000	-161,000
Travel and transportation of persons	599,000	835,000	1,169,000	334,000
Transportation of things	16,000	49,000	102,000	53,000
Rental payments to GSA	3,300,000 ^{e/}	3,300,000	3,400,000	100,000
Communications, utilities, and miscellaneous charges	5,400,000	5,544,000	5,773,000	229,000
Printing and reproduction	246,000	287,000	307,000	20,000
Consulting services	735,000	634,000	397,000	-237,000
Other services	14,244,000	14,649,000	21,138,000 ^{f/}	6,489,000
Supplies and materials	560,000	782,000	720,000	-62,000
Equipment	<u>1,140,000</u>	<u>222,000</u>	<u>1,276,000</u>	<u>1,054,000</u>
Total, direct obligations	113,500,000	113,500,000	115,225,000	1,725,000
Unobligated balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total budget authority	<u>113,500,000</u>	<u>113,500,000</u>	<u>115,225,000</u>	<u>1,725,000</u>

^{a/} In a separate justification document, the Office of Inspector General is requesting \$8,437,000 for administrative expenses in fiscal year 2019.

^{b/} The amounts included for 2017 reflect the annualized level provided by the The Consolidated Appropriations Act, 2017 (P.L. 115-31).

^{c/} The Limitation on Administration excludes \$28.9 million in fiscal year 2017 that the RRB received in reimbursements from the Centers for Medicare and Medicaid Services (CMS) and others. Amounts for fiscal years 2018 and 2019 exclude \$28.6 million and \$27.9 million respectively that the RRB expects to be reimbursed in each fiscal year from CMS and others.

^{d/} Reflects funding as reported in the President's Budget for Fiscal Year 2019. Note - A full-year 2018 appropriation was not enacted at the time the Presidents budget was prepared; therefore the budget assumes this amount is operating under the Further Additional Continuing Appropriations Act, 2017 (P.L. 115-96).

^{e/} Reflects the payment of actual costs to the General Services Administration (GSA) for the rental of space.

^{f/} This amount includes \$4 million for IT initiatives EIS and the modernization of the RRB's legacy benefit systems as well as increases in the cost of building/equipment operation and maintenance (\$1.5M), increases in IT licensing and software (\$.5M), and increases in IT contracts (\$.5M).

Note: Amounts shown in the table are rounded to the nearest thousand.

SUMMARY OF CHANGES ^{a/}

Appropriation total					
FY 2019 estimate	\$115,225,000				
FY 2018 level	113,500,000 ^{b/}				
Net change	<u>\$1,725,000</u>				
		<u>2018 Current (Base)</u>		<u>2019 Change from Base</u>	
		<u>FTEs</u>	<u>Budget Authority</u>	<u>FTEs</u>	<u>Budget Authority</u>
Increases/Decreases:					
<i>Built-in:</i>					
1 Net change related to full-time and part-time salaries:					
Change in FTEs	(\$4,770,728)				
Adjustments to average salary estimates	(\$479,000)				
January 2018 pay raise	292,000				
Grade/step increases	461,000				
Other compensation (awards and overtime)	<u>(411,000)</u>				
Subtotal, built-in salary and FTE increases/decreases		818	\$65,502,000	(61)	(\$4,907,000)
2 Net change related to personnel benefits:					
Change in FTEs	(\$1,624,000)				
Adjustment to previous estimates	(\$163,000)				
January 2018 pay raise	99,000				
Grade/step increases	157,000				
Other changes (health insurance, etc.)	344,000				
Subtotal, built-in changes to benefits increases/decreases		--	21,381,000	--	(1,187,000)
Subtotal, built-in compensation increases/decreases				--	<u>(\$6,094,000)</u>
<i>Program:</i>					
1 Travel and transportation of persons		--	835,000	--	334,000
2 Transportation of things		--	49,000	--	53,000
3 Rental payments to GSA		--	3,300,000	--	100,000
4 Communications, utilities, and misc. charges		--	5,544,000	--	229,000
5 Printing and reproduction		--	287,000	--	20,000
6 Other services		--	14,649,000	--	6,489,000
7 Equipment		--	222,000	--	1,054,000
Subtotal, program increases					<u>\$8,279,000</u>
Decreases:					
<i>Program:</i>					
1 Benefits for former personnel		--	315,000	--	(161,000)
2 Consulting services		--	634,000	--	(237,000)
3 Supplies and materials		--	782,000	--	(62,000)
Total decreases					<u>(\$460,000)</u>
Net change				--	<u>\$1,725,000</u>

^{a/} Corresponds to page 12 - Administrative Expenses.

^{b/} Reflects funding as reported in the President's Budget for Fiscal Year 2019. Note - A full-year 2018 appropriation was not enacted at the time the President's budget was prepared; therefore the budget assumes this amount is operating under the Further Additional Continuing Appropriations Act, 2018 (P.L. 115-96).

Note: Dollar amounts are rounded to the nearest thousand.

ADMINISTRATIVE EXPENSES

Budget Authority by Strategic Goal (a)

Limitation on Administration	Fiscal year 2017				Fiscal year 2018				Fiscal year 2019			
	Actual				Estimate				Estimate			
	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>%</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>%</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>%</u>
<u>Program by strategic goal</u>												
Strategic goal:												
1. Modernize information technology					37	5	\$5,133,863	4	37	5	5,634,503	5
2. Customer service	652	76	89,561,290	79	625	76	\$89,546,063	79	618	82	89,439,213	78
3. Stewardship	201	24	23,938,710	21	156	19	\$18,820,074	17	102	13	20,151,285	22
Total, direct program obligations	853		113,500,000		818		113,500,000		757		115,225,000	
Unobligated balance			0				0				0	
Total budget authority	<u>853</u>		<u>113,500,000</u>		<u>818</u>		<u>113,500,000</u>		<u>757</u>		<u>115,225,000</u>	

The Railroad Retirement Board's Strategic Plan includes these strategic goals.

1. Modernize information technology (IT) operations to sustain mission essential services.
2. Provide excellent customer service.
3. Serve as responsible stewards for our customers' trust funds and agency resources.

(a) Modernize information technology is a new strategic goal in the 2018-2022 Strategic Plan and has been given the highest priority. In 2017 customer service was the 1st strategic goal and stewardship was the 2nd strategic goal.

STAFFING HISTORY

Actual Full-time Equivalent Employment

<u>Fiscal year</u>	<u>Total FTEs</u> <u>a/</u>	<u>Change from previous year</u>	<u>Percent change from previous year</u>	<u>Cumulative FTE Reduction</u>	<u>Cumulative percent change since fiscal year 1993</u>
1993	1,698 <u>b/</u>	---	---	---	---
1994	1,615 <u>b/</u>	-83	-4.9%	83	-4.9%
1995	1,483 <u>b/</u>	-132	-8.2%	215	-4.9%
1996	1,401 <u>b/</u>	-82	-5.5%	297	-17.5%
1997	1,297	-104	-7.4%	401	-23.6%
1998	1,227	-70	-5.4%	471	-27.7%
1999	1,196	-31	-2.5%	502	-29.6%
2000	1,136	-60	-5.0%	562	-33.1%
2001	1,101	-35	-3.1%	597	-35.2%
2002	1,099	-2	-0.2%	599	-35.3%
2003	1,079	-20	-1.8%	619	-36.5%
2004	1,048	-31	-2.9%	650	-38.3%
2005	957	-91	-8.7%	741	-43.6%
2006	940	-17	-1.8%	758	-44.6%
2007	927	-13	-1.4%	771	-45.4%
2008	918	-9	-1.0%	780	-45.9%
2009	897	-21	-2.3%	801	-47.2%
2010	908	11	1.2%	790	-46.5%
2011	903	-5	-0.6%	795	-46.8%
2012	884	-19	-2.1%	814	-47.9%
2013	865	-19	-2.1%	833	-49.1%
2014	825	-40	-4.6%	873	-51.4%
2015	835	10	1.2%	863	-50.8%
2016	824	-11	-1.3%	874	-51.5%
2017	853	29	3.5%	845	-49.8%
2018	818 <u>c/</u>	-35	-4.1%	880	-51.8%
2019	757 <u>d/</u>	-61	-7.5%	941	-55.4%

a/ Excludes staffing for the Office of the Inspector General

b/ Includes Special Management Improvement Fund FTEs for fiscal years 1993-1996 of 80, 58, 30

c/ Reflects an adjusted projection as of January 2018.

d/ Reflects the estimated staffing level in the President's proposed budget for fiscal year 2019. The estimated 757 FTEs, is 93 FTEs less than what is needed to sustain the agency's mission essential functions. Funding for the agency's Information Technology investments would improve the agency's ability to sustain organizational performance at lower FTE levels in the future.

Funding for Major Contracts

This chart shows contracts of \$10,000 and over that are planned for fiscal year 2019 in the following Budget Object Class (BOC) categories: consulting services (BOC 251), government contracts (BOC 253), medical fees (BOC 256), maintenance of facilities (BOC 254), contractual services (BOC 252), and equipment and equipment maintenance (BOC 310/257).

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2019 funding (\$)</u>
<u>Information Technology</u>		
252/310	• Voice Communications System. Voice Data Wiring and Voice Over Internet Protocol (VoIP) System Equipment	40,000
252	• IT operations support and memberships. Requested funding includes IBM operations support services and IT Research Services membership.	294,965
252	• Help Desk Contract. Funding for help desk staff to augment RRB staff, and to move PC Equipment	499,905
252	• License agreement. Funds are required to maintain the RRB's Microsoft Enterprise License Agreement.	590,000
253	• Disaster recovery. Funding will be used to support services via an interagency agreement with USDA-NITC Oct. 1 - Sept. 30	196,100 a/
252	• IT Security. Security authorization and continuous monitoring of RRB information systems.	132,825
252	• Enterprise Infrastructure Solutions (EIS). Funding for agency migration to modern telecommunications and IT services.	2,400,000
252	• Legacy Systems Modernization Services. Funding is needed 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.	1,600,000
310	• IT End of Life Replacement Equipment. Replacements for Malware Analysis Workstations, IT Security laptops, network printers, digital forensics, routers and switches, KVM switch, Log management, network access controls, it security servers, network monitoring switch, and intrusion prevention/detection systems. EIS Conversion- Line 2 of 2 - Router purchase for MPLS replacement.	1,120,000

Funding for Major Contracts

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2019 funding (\$)</u>
257	<ul style="list-style-type: none">IT Software & Maintenance Renewals. CA ERWI Data modular plus 1, websense web filter, Ray & Shoup Software, Kalinda, Toad, Nipper, Redhat, BMC, Vanguard software, Attachmate, Service Now, Global 360 Open Text, SAP Business Objects, VMWare, CISCO Smartnet, Log Management, SourceOne.	2,880,235
 <u>Support of benefit program activities</u>		
256	<ul style="list-style-type: none">Medical fees. Funding is required for medical services and hospital transcripts used to make disability determinations.	2,146,678
251	<ul style="list-style-type: none">Consultative medical services. Funding will be used for medical evidence reviews concerning benefit and claim matters and preparation of advisory medical opinions.	342,622
252	<ul style="list-style-type: none">Field service training. Contract funding will be used for training claims representatives and supervisors. Network Team building meetings. New Contact Representative Training.	80,000
252	<ul style="list-style-type: none">Clerical services. Temporary clerical services to assist with workloads in various field offices.	79,382
253	<ul style="list-style-type: none">Other Services (Federal). Funding is needed for American Customer Satisfaction Index (ASCI) survey.	41,000 a/
252	<ul style="list-style-type: none">Other Services (NON-Federal). Funding is needed for monthly State Wage Match income processing.	12,000
253	<ul style="list-style-type: none">Social Security Death Match. Funding is needed for monthly SSA Death Match processing.	74,000 a/
 <u>Financial management</u>		
252	<ul style="list-style-type: none">Payments to Treasury. Funding is required for fees by the Department of the Treasury for issuing checks and making electronic funds transfers on the RRB's behalf, as well as postage costs incurred for RRB mailings released by the Treasury.	33,000 a/
252	<ul style="list-style-type: none">Payroll Costs. Funding is for payroll costs related to PAR and labor distribution.	190,000 a/

Funding for Major Contracts

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2019 funding (\$)</u>
253	• Travel & Transportation Costs. Funding is for payments for TMC and voucher fees: Carlson Wagonlit Travel.	14,140 a/
257	Migration of Labor distribution report. Funding will be used to support FMIS Annual O&M and AquilQuest O&M.	1,900,000

Administrative support

253	• File management services. Fees will be paid to the National Archives and Records Administration (NARA) for services by the Federal Records Center (FRC) to maintain the RRB claim files. This cost includes \$24,000 for shuttle service to transport files between RRB headquarters and the FRC.	270,000 a/
252	• Photocopiers. Funding is required to continue contractual services for photocopiers in the RRB's headquarters building, including high speed copiers that are used to prepare program related booklets, pamphlets, and other informational material.	395,700
253	• Field office support services. Funding is required for field office alterations, miscellaneous and administrative support services. RWA Services. 42,800 Health Units.	96,600 a/
253	• OPM Background Investigations. Funding is required to obtain background investigations for agency employees and contractors.	120,000 a/
252	• Shipping and receiving. Funds are required to continue shipping and receiving services.	55,000
251	• Employee assistance program. The RRB provides professional assistance for employees with personal problems that adversely affect work performance and Program Activities.	40,000
252	• Videoconferencing and transcription services. Funding will provide for videoconferencing services needed for hearing appeals.	60,000

Funding for Major Contracts

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2019 funding (\$)</u>
253	• Recruitment and hiring services. Funding will be used to pay OPM for recruitment and hiring services, background investigations, as well as flexible spending accounts. GSA Payroll/HRIT, Change of Stations and Administrative Fees, OPM: USA Jobs and FSAFEDS, Feddesk.	460,000 a/
252	• Learning Management System. Funding is for the RRB's in-house online educational/training courses and programs.	171,000
252	• Shredding Services. Funding is for the secure destruction of agency documents.	30,000
 <u>Facility management services</u>		
253	• Federal Protective Service costs. Funding is required for protective services, billed by the Department of Homeland Security, Federal Protective Service.	570,000 a/
254	• Janitorial services. Funding is needed for janitorial services for the RRB headquarters building.	800,000
254	• Building security. Funding is required for guard service and cleaning service for the RRB headquarters building.	660,000
254	• Executive Order 13693. Funding is required to install retrofit lighting for 3 floors of the Headquarters building.	450,000
254/257	• Miscellaneous Building Contracts. Contracts for the maintenance of entrance turnstyles, elevators, chillers, fire alarms, asbestos abatement, air conditioning, and delegation of authority.	385,500
Agency total		<hr/> <hr/> <u>19,260,652</u>

a/ Contractual services provided by Federal Government agencies comprise \$2,064,840 of the agency program total.

BUDGET AUTHORITY BY FUND

	Fiscal year 2017 actual amounts	Fiscal year 2018 estimated	Fiscal year 2019 estimated	Change, FY 2018 to FY 2019
<u>Railroad Retirement Program</u>				
<u>Direct Program:</u>				
Railroad Retirement Account	71,195,455	71,800,000	72,940,000	1,140,000
Social Security Equivalent Benefit Account	27,859,090	25,080,000	26,200,000	1,120,000
Total, direct railroad retirement program obligations	99,054,545	96,880,000	99,140,000	2,260,000
<u>Railroad Unemployment and Sickness Insurance Program</u>				
<u>Direct Program:</u>				
Railroad Unemployment Insurance Administration Fund	14,445,455	16,620,000	16,085,000	(535,000)
Total, direct railroad retirement, unemployment and sickness insurance obligations	113,205,056	113,500,000	115,225,000	1,725,000
Unobligated balance	294,944	---	---	---
Total, direct railroad retirement, unemployment and sickness insurance budget authority	113,500,000	113,500,000	115,225,000	1,725,000

Note: A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The amounts shown are in accordance with Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017; 115-90, Further Continuing Appropriations Act, 2018; and 115-96, Further Additional Continuing Appropriations Act, 2018 without the reduction applied.

LIMITATION ON ADMINISTRATION

Financing

<u>Financing</u>	<u>Fiscal year 2017 actual</u>	<u>Fiscal year 2018 estimate</u>	<u>Fiscal year 2019 estimate</u>
Total, direct program obligations	\$113,205,056	113,500,000	\$115,225,000
Unobligated balance	<u>294,944</u>	<u>---</u>	<u>---</u>
Limitation	<u>\$113,500,000</u>	<u>\$113,500,000</u>	<u>\$115,225,000</u>

Relation of direct program obligations to outlays

Obligations incurred, net	113,500,000	113,500,000	115,225,000
Obligated balance, start of year	0	26,608,614	26,608,614
Obligated balance, end of year	<u>(26,608,614)</u>	<u>(26,608,614)</u>	<u>(26,608,614)</u>
Outlays from limitation	<u>\$86,891,3860</u>	<u>\$113,500,000</u>	<u>\$115,225,000</u>

Notes: Funds to administer the Railroad Retirement Act and the Railroad Unemployment Insurance Act are combined into a single administrative account. Funds to administer the Railroad Retirement Act are transferred from the Railroad Retirement Account and the Social Security Equivalent Benefit Account to the Limitation on Administration. Funds required to administer the Railroad Unemployment Insurance Act are transferred from the Railroad Unemployment Insurance Administration Fund to the Limitation on Administration.

A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The amounts shown are in accordance with the following Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017; 115-90, Further Continuing Appropriations Act, 2018; and 115-96, Further Additional Continuing Appropriations Act, 2018 without the reduction applied.

The financial operations of the Limitation on Administration can also be expressed in a sources and uses of funds table as shown below.

Sources and Uses of Funds

	<u>Fiscal year 2017 actual</u>	<u>Fiscal year 2018 estimate</u>	<u>Fiscal year 2019 estimate</u>
<u>Direct program sources</u>			
Available from benefit trust funds by Congressional appropriation	<u>\$113,500,000</u>	<u>\$113,500,000</u>	<u>\$115,225,000</u>
<u>Direct program uses</u>			
Administrative expenses	\$113,205,056	\$113,500,000	\$115,225,000
Unobligated balance	<u>294,944</u>	<u>---</u>	<u>---</u>
Total uses:	<u>\$113,500,000</u>	<u>\$113,500,000</u>	<u>\$115,225,000</u>

Note: A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The amounts shown are in accordance with the following Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017; 115-90, Further Continuing Appropriations Act, 2018; and 115-96, Further Additional Continuing Appropriations Act, 2018 without the reduction applied.

LIMITATION ON ADMINISTRATION

Amounts Available for Obligation

	<u>Fiscal year 2017 actual</u>	<u>Fiscal year 2018 estimate</u>	<u>Fiscal year 2019 estimate</u>
Appropriation	\$113,205,056	\$113,500,000	\$115,225,000
Unobligated balance	<u>294,944</u>	<u>---</u>	<u>---</u>
Total direct obligations <u>a/</u>	<u>\$113,500,000</u>	<u>\$113,500,000</u>	<u>\$115,225,000</u>

a/ The RRB also received reimbursements totaling \$28 million in fiscal year 2017 and expects to receive \$28.6 million in fiscal year 2018, and \$ 27.9 million in fiscal year 2019 from CMS and others.

Note: A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The amounts shown are in accordance with the following Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, 115-90, Further Continuing Appropriations Act, 2018 and 115-96, Further Additional Continuing Appropriations Act, 2018 without the reduction applied.

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget estimate to the Congress</u>	<u>House allowance</u>	<u>Senate allowance</u>	<u>Appropriation/ continuing resolution</u>	
2010	109,073,000	109,073,000	109,073,000	109,073,000	<u>a/</u>
2011	110,573,000	---	---	108,854,854	<u>b/</u>
2012	112,239,000	---	---	108,649,264	<u>c/</u>
2013	112,415,000	---	---	108,734,464	<u>d/</u>
2014	111,739,000	---	---	110,300,000	<u>e/</u>
2015	112,150,000	---	---	111,225,000	<u>f/</u>
2016	119,918,000	---	---	111,225,000	<u>g/</u>
2017	122,499,000	---	---	113,500,000	<u>h/</u>
2018	111,225,000	113,500,000	114,500,000	113,500,000	<u>i/</u>
2019	115,225,000				

- a/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2010 (P.L. 111-117).
- b/ Reflects the appropriation of \$109,073,000, less a rescission of \$218,146 under the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).
- c/ Reflects the appropriation of \$108,855,000, less a rescission of \$205,736 under the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012 (P.L. 112-74).
- d/ Reflects the appropriation of \$111,149,000, less a rescission of \$222,298, and a sequester of \$2,192,238, under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).
- e/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2014 (P.L. 113-76).
- f/ Reflects the appropriation made available by the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).
- g/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2016 (P.L. 114-113).
- h/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2017 (P.L. 115-31).
- i/ A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The amount shown is in accordance with the following Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017; 115-90, Further Continuing Appropriations Act, 2018; and 115-96, Further Additional Continuing Appropriations Act, 2018 without the reduction applied.

Retirement/Survivor Benefit Program
Summary Processing Workload Table

<u>Fiscal years</u>	<u>Average number of annuitants</u>	<u>New applications</u>	<u>Supplemental annuity applications</u>	<u>Social Security initial awards</u> ¹	<u>Post-payment adjustments</u>	<u>Number of payments</u>	<u>Medicare enrollments</u> ²
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	518,416	31,479	6,520	4,526	79,221	6,752,770	7,379
2018 (est)	515,900	30,000	6,000	5,000	79,000	6,710,000	7,000
2019 (est)	512,200	28,000	5,000	4,000	78,000	6,650,000	7,000

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
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 ^{2/}	198,230 ^{2/}	21,466	138,993	118,770
2010	221,000	18,721	210,965 ^{3/}	190,152 ^{3/}	21,476	139,653	119,426
2011	229,000	12,756	93,598 ^{4/}	83,144 ^{4/}	20,797	136,014	115,705
2012	234,000	12,914	83,120 ^{5/}	72,776 ^{5/}	20,240	129,318	110,154
2013	237,000	14,944	96,871 ^{6/}	84,365 ^{6/}	19,110	119,364	100,951
2014	242,000	11,982	77,580 ^{6/}	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	231,000	24,371	145,605	120,134	20,219	131,575	111,933
2017	223,000 (est)	14,372	96,777	80,748	20,087	132,557	113,163
2018 (est)	221,000	16,000	91,000	76,000	19,000	125,000	107,000
2019 (est)	217,000	15,000	84,000	70,000	19,000	122,000	104,000

^{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 (PL. 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.

PERFORMANCE PLAN



Fiscal Year 2019

Railroad Retirement Board

TABLE OF CONTENTS

Introduction 29

Mission Statement 30

Strategic Goal I: Modernize Information Technology Operations to Sustain
Mission Essential Services 31

 Strategic Objective: Legacy Systems Modernization..... 31

Strategic Goal II: Provide Excellent Customer Service 33

 Strategic Objective: Pay benefits timely 33

 Strategic Objective: Provide a range of choices in service delivery methods..... 34

Strategic Goal III: Serve as Responsible Stewards for Our Customers’ Trust Funds
and Agency Resources 35

 Strategic Objective: Ensure that trust fund assets are protected, collected,
 recorded, and reported appropriately..... 35

 Strategic Objective: Ensure the accuracy and integrity of benefit programs 35

 Strategic Objective: Ensure effectiveness, efficiency, and security of operations 36

 Strategic Objective: Effectively carry out responsibilities with respect to the
 National Railroad Retirement Investment Trust..... 40

Exhibit 1: Performance Plan - FY 2019 41

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 2018 - 2022** 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 2019. 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, at the President's proposed budget level of \$115,225,000, is provided in Exhibit I. 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: *Modernize Information Technology (IT) Operations to sustain mission essential services.* At the President’s proposed budget level for fiscal year 2019, we plan to allocate \$5,634,503 and 37 full-time equivalent employees (FTEs) to this strategic goal.

Today, our mission essential programs are straining under the burden of being maintained by legacy computer systems built 40 years ago. There have been no appropriated resources in the last decade to re-engineer and modernize these legacy systems to meet the demands of the railroad community, which expects self-service digital solutions today. Our workforce is rapidly aging, with the average employee serving 30 years at retirement. Institutional knowledge diminishes as this workforce retires and it is increasingly difficult to find the legacy skills needed to maintain these systems. To continue providing the excellent service to our beneficiaries, we need to transform these legacy systems through automation and build modern digital services while safeguarding information anywhere, anytime, in all ways throughout the information life cycle. Our strategy to modernize encompasses multiple iterations over various phases in a new environment to minimize impact to the current legacy environment. We use automated code conversion tools as well as automated test and data validation tools, to transform the 12 Million lines of legacy mainframe-based COBOL and PC / Web programming code.

Strategic Objective: Legacy Systems Modernization. The primary focus is to complete the transformation to the new platform before the agency has to make a significant investment to maintain and update the existing mainframe-based environment and before the aging workforce retires in large numbers taking with them the institutional knowledge.

We have established five performance goals that focus on the specifics of achieving this strategic objective.

- *Transform Tax and EDM systems (3 million lines of legacy COBOL) from the mainframe to distributed architecture.*

The RRB will transform the Taxation and EDM systems using a like-to-like migration approach. These systems built using COBOL/CICS/DB2 legacy technology will be transformed into the distributed architecture namely Microsoft C#/.NET/SQL Server.

- *Deliver online retirement forms (AA-1, AA-3) as citizen centric digital solutions.*

The RRB will continue to implement self-service digital solutions for our customers and end users. The online employee retirement application (Form AA-1) along with the companion spouse retirement application (Form AA-3) will be implemented using strong Identity Proofing and Multi-Factor Authentication.

- *Transition Mission Essential Programs (9 million lines of legacy COBOL) from the End-of-Life Mainframe hardware.*

The RRB is faced with the risks of the end-of-life for mainframe (Dec 2018) along with the attrition of the mainframe systems engineers. Our market research indicates that the legacy re-platform solution can be achieved in 15 to 18 months. The goal is to seek contractor services to re-platform the RRB’s legacy mainframe applications, currently written in COBOL/CICS/DB2, to a Microsoft Server Operating System. We will:

Railroad Retirement Board - Fiscal Year 2019 Performance Plan

- re-platform all legacy mainframe applications with zero or minimal code change, and the transitioned applications will use Enterprise SQL server databases;
- transition services from third party software to the Server platform, and these include scheduling, printing, security (Vanguard RACF), backup /restore, and reporting services;
- achieve the same or greater level of business functionality and performance with the Server based system than was accomplished through the legacy system;
- ensure, the accuracy of the annuity and benefit calculations performed by the transitioned code will be the same as the legacy system;
- ensure the quality of all printed materials created by the transitioned code will be the same as the legacy system;
- not alter the sequence of jobs comprising the nightly production execution schedule; and
- convert all legacy data i.e. DB2 and VSAM databases to SQL Server database with same referential integrity of the data structures.

- *Complete the assessment for re-engineering Mission Essential Programs*

The RRB will put out a solicitation to seek Subject Matter Expertise in conducting a business process re-engineering of our mission essential services, and deliver a roadmap and blueprint for RRB to leverage shared and cloud services, including the transition from batch oriented processing to interactive transactional processing. This blueprint enables RRB to build the next set of deliverables:

- to achieve the legacy transformation, namely shared services in terms of Imaging, Records Management, Prescriptive Analytics, and Audit/Compliance, along with the Private Cloud for storage and resource heavy workloads.
 - to leverage the cloud services for Case Management, Customer Management, Desktop-as-a-Service, DevOps, Continuous Monitoring, Website portal, and Railroad Community Self-service solutions.
- *Complete the migration of agency network and telecommunication services to new services in EIS*

As part of modernization, we have an opportunity to consolidate network services, improve architecture and modernize our network infrastructure. With the emerging cloud solutions we optimize our network backbone connectivity to overcome latency issues when our users access Cloud Services. The migration will be completed in separate deliverables.

- The first task is for Web Content delivery services. These services will provide a publicly accessible web interface to access www.rrb.gov.
- The second task will address the agency's Enterprise-wide Voice Communications. Services 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 task 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 task will address to the RRB's non-MPLS WAN. This will include the agency's public internet connectivity and other inter-agency and business partner data network connectivity.

The RRB will continuously monitor, measure, and perform value driven services to ensure the predictable outcome of a successful modernization for IT operations to sustain essential services. To achieve this goal we are deploying agile principles such as breaking up multi-yearlong projects into a series of short releases focused on the most critical or Key Performance Indicators to increase the opportunity for success, as well as ensuring frequent standup meetings, or daily scrums, as an effective mean to convey information, and to facilitate quick resolution of identified risks and issues.

Strategic Goal II: *Provide Excellent Customer Service.* We aim to satisfy our customers' expectations for quality service in terms of service delivery options and levels and manner of performance. At the President's proposed budget level for fiscal year 2019, we plan to allocate \$89,439,213 and 618 full-time equivalent employees (FTEs) to this strategic goal. 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.*

Railroad Retirement Board - Fiscal Year 2019 Performance Plan

Our Customer Service Plan includes customer service timeliness standards for paying benefits. Through September 30, 2017, the overall actual performance was 98.9 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for nearly 99 percent of the 288,942 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 9/30/2017)

- Retirement applications: 95.2% (target: 95.0%)
- Survivor applications: 96.6% (target: 95.4%)
- Disability applications/payments: 54.3% (target: 82.5%)
- 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 29 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). An additional service will be added in fiscal year 2018 with the completion and implementation of the Suspense and Error Tracking System (SETS). This service will automatically notify employers when records on their BA-3, Annual Report reject from posting to the employee accounts. This will bring the total number of services available to 30 in the ERSNet system.

Railroad Retirement Board - Fiscal Year 2019 Performance Plan

The RRB will continue to pursue enhancements in fiscal year 2019 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 2020, 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 III: *Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.* The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. At the President's proposed budget level for fiscal year 2019, we plan to allocate \$20,151,285 and 102 FTEs to this strategic goal. 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 objective, 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 2017, we released our Performance and Accountability Report for fiscal year 2017. The RRB's OIG did not express an opinion (disclaimer) on the RRB's 2017 financial statements, which were included in that report. The OIG continued to report material weaknesses in the RRB's financial reporting and control environment. The RRB rejects the material weaknesses and the basis the OIG cited for the disclaimer of opinion. Moreover, the RRB believes that, due to insufficient evidence to support the assertion, the cited material weaknesses are unfounded. RRB management takes corrective action as necessary and continues to devote substantial resources to strengthen its processes and enforce accountability for internal controls. Actions taken in previous fiscal years have significantly improved accuracy and consistency of recorded amounts and effectiveness of controls.

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

Railroad Retirement Board - Fiscal Year 2019 Performance Plan

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, \$1.6 million 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 PortfolioStat categories Deliver, Innovate and Protect. The measurements ensure that the agency engages in proactive performance management of its IT.

Railroad Retirement Board - Fiscal Year 2019 Performance Plan

- *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.

Maximizing 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 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.

Human Capital Analysis Plan

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.

Railroad Retirement Board - Fiscal Year 2019 Performance Plan

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, and performance feedback.

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, we continue to use measurements based on the PortfolioStat categories Deliver, Innovate and Protect. The measurements ensure that the agency engages in proactive performance management of its IT portfolio.

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

We 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

Railroad Retirement Board - Fiscal Year 2019 Performance Plan

(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:

- Asset 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 2018.
- 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).

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.

Railroad Retirement Board FY 2019 Performance Plan	2014 Actual (\$110.3m)	2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual ^{1/} (\$113.5m)	2018 Continuing Resolution (\$113.5m)	2019 President's Proposed (\$115.225m)
STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to sustain mission essential services						
Strategic Objective: Legacy Systems Modernization Goal leader: Ram Murthy, Chief Information Officer						
I-A-1. Transform Tax and EDM systems (3 million lines of legacy COBOL) from the mainframe to distributed architecture.	New Performance Goal for FY 2018	New Performance Goal for FY 2018	New Performance Goal for FY 2018	New Performance Goal for FY 2018	Measure: Transformation Complete	Performance Goal achieved
I-A-2. Deliver online retirement forms (AA-1, AA-3) as citizen centric digital solutions.	New Performance Goal for FY 2018	New Performance Goal for FY 2018	New Performance Goal for FY 2018	New Performance Goal for FY 2018	Measure: Online Service delivered	Performance Goal achieved
I-A-3. Transition Mission Essential Programs from the End-of-Life Mainframe hardware.	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	Measure: Transition Complete
I-A-4. Complete the assessment for re-engineering Mission Essential Programs.	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	Measure: Assessment and blueprint delivered
I-A-5. Complete the migration of agency network and telecommunication services to new services in EIS.	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	New Performance Goal for FY 2019	Measure: Migration Complete

Railroad Retirement Board FY 2019 Performance Plan	2014 Actual (\$110.3m)	2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual ^{1/} (\$113.5m)	2018 Continuing Resolution (\$113.5m)	2019 President's Proposed (\$115.225m)
STRATEGIC GOAL II: Provide Excellent Customer Service						
Strategic Objective: Pay benefits timely. Goal leader for objectives II-A-1 through II-A-5; II-A-7 and II-A-8: Michael Tyllas, Director of Programs Goal leader for objective II-A-6: Dan Fadden, Director of Field Service Goal leader for objective II-A-9: Rachel L. Simmons, Director of Hearings and Appeals						
II-A-1. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 35 days of the annuity beginning date, if advanced filed. (Measure: % ≤ 35 days)	95.2%	95.8%	94.0%	95.0%	94.0%	94.0%
II-A-2. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	95.3%	96.5%	96.3%	95.5%	94.0%	94.0%
II-A-3. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor not already receiving a benefit within 60 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 days)	96.1%	94.3%	96.0%	96.9%	94.0%	94.0%

Railroad Retirement Board FY 2019 Performance Plan	2014 Actual (\$110.3m)	2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual ^{1/} (\$113.5m)	2018 Continuing Resolution (\$113.5m)	2019 President's Proposed (\$115.225m)
II-A-4. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor already receiving the benefits as a spouse within 30 days of the RRB's receipt of first notice of the employee's death. (Measure: % ≤ 30 days)	95.5%	95.5%	95.1%	96.1%	93.5%	94.0%
II-A-5. RRB makes a decision to pay or deny a lump sum death benefit within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	98.4%	98.1%	98.0%	97.5%	97.0%	97.0%
II-A-6. RRB certifies a payment or releases a letter of denial of UI or SI benefits within 10 days of the date RRB receives the claim. (Measure: % ≤ 10 days)	99.9%	99.9%	99.9%	99.9%	98.0% ^{2/}	98.0%
II-A-7. RRB makes a decision to pay or deny a benefit for a disabled applicant or family member within 100 days of the date the application is filed. (Measure: % ≤ 100 days)	42.8%	31.0%	17.4%	14.7%	Due to ongoing process improvements, RRB will re-baseline this metric for 2018. ^{3/}	Due to ongoing process improvements, RRB will re-baseline this metric for 2018. ^{3/}
II-A-8. RRB makes a payment to a disabled applicant within 25 days of the date of decision or earliest payment date, whichever is later. (Measure: % < 25 days)	95.6%	95.8%	92.6%	92.5%	93.5%	94.0%
II-A-9. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	270	261	239	217	250	230

Railroad Retirement Board FY 2019 Performance Plan	2014 Actual (\$110.3m)	2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual ^{1/} (\$113.5m)	2018 Continuing Resolution (\$113.5m)	2019 President's Proposed (\$115.225m)
<i>Strategic Objective: Provide a range of choices in service delivery methods.</i>						
Goal leader: Michael Tyllas, Director of Programs						
II-B-1. Offer electronic options to our customers, allowing them alternative ways to perform primary services via the Internet or interactive voice response systems. (Measure: Number of services available through electronic media)	19 services available	19 services available	19 services available	19 services available	20 services available	21 services available
II-B-2. Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act. (Measures: percentage of employers who use 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%
	b) Internet services: 26 Internet services available	27 Internet services available	27 Internet services available	29 Internet services available	30 Internet services available ^{4/}	32 Internet services available ^{4/}
<i>STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources</i>						
<i>Strategic Objective: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately.</i>						
Goal leader: Shawna Weekley, Deputy Chief Financial Officer						
III-A-1. Debts will be collected through billing, offset, reclamation, referral to outside collection programs, and a variety of other collection efforts. (Measure: total overpayments recovered in the fiscal year / total overpayments established in the fiscal year.)	91.3%	99.6%	90.73%	85.58%	85.00%	85.00%

Railroad Retirement Board FY 2019 Performance Plan	2014 Actual (\$110.3m)	2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual ^{1/} (\$113.5m)	2018 Continuing Resolution (\$113.5m)	2019 President's Proposed (\$115.225m)	
Strategic Objective: Ensure the accuracy and integrity of benefit programs.							
Goal leader III-B-1(a)(b) and III-B-3, 4, and 5: Michael Tyllas, Director of Programs							
Goal leader III-B-2(a): Dan Fadden, Director of Field Service							
Goal leader III-B-2(b): Micheal Pawlak, Director of Unemployment Payment Support Division							
III-B-1. Achieve a railroad retirement benefit payment accuracy rate ^{5/} of at least 99%. (Measure: percent accuracy rate)	a) Initial payments:	99.52%	99.72%	99.69%	99.95% ^{6/}	99.50%	99.60%
	b) Sample post recurring payments:	100%	99.91%	99.70%	99.88% ^{6/}	99.50%	99.60%
III-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{5/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	99.83%	99.23%	99.36%	96.85% ^{7/}	97.00% ^{8/}	97.00% ^{8/}
	b) Sickness	99.52%	99.40%	99.94%	99.40% ^{7/}	99.50%	97.50%
III-B-3. Overall Initial Disability Determination Accuracy. (Measure: % of Case Accuracy)	98.6% ^{9/}	95.8% ^{9/}	94.40%	N/A	96.0%	95.0%	
III-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% ^{10/}	0.58% ^{10/}	0.60%	N/A	1.00%	1.00%	
III-B-5. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure: recoverables and savings per dollar spent.)	\$5.20: \$1.00	\$4.49: \$1.00	\$4.18: \$1.00	N/A	\$3.85 ^{11/} : \$1.00	\$3.85: \$1.00	

Railroad Retirement Board	2014	2015	2016	2017	2018	2019
FY 2019 Performance Plan	Actual	Actual	Actual	Actual ^{1/}	Continuing Resolution	President's Proposed
	(\$110.3m)	(\$111.225m)	(\$111.225m)	(\$113.5m)	(\$113.5m)	(\$115.225m)
Strategic Objective: Ensure effectiveness, efficiency, and security of operations.						
Goal leader: Ram Murthy, Chief Information Officer						
III-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%
III-C-3. Deliver – Meet Customer Expectations. <u>WWW.RRB.GOV</u> Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users	a) Continuous availability target	New Performance Goal for FY 2016	New Performance Goal for FY 2016	98.7%	99.2%	99%
	b) Hours of outage allowed per month	New Performance Goal for FY 2016	New Performance Goal for FY 2016	9.38 hours	6.52 hours	Hours of outage allowed per month: 7 hours
III-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	Implement automatic failover of email system to alternate facility
III-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%	91.67%	98.5%
III-C-6. Protect – Email Data Loss Prevention. Percentage of externally bound emails and their attachments automatically encrypted that contain personally identifiable or credit card information		New Performance Goal for FY 2016	New Performance Goal for FY 2016	99.82%	99.93%	99%
III-C-7. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.		New Performance Goal for FY 2016	New Performance Goal for FY 2016	74%	77%	Unprivileged Network Users ≥85% Privileged Network Users 100%

Railroad Retirement Board	2014	2015	2016	2017	2018	2019
FY 2019 Performance Plan	Actual	Actual	Actual	Actual ^{1/}	Continuing Resolution	President's Proposed
	(\$110.3m)	(\$111.225m)	(\$111.225m)	(\$113.5m)	(\$113.5m)	(\$115.225m)
<i>Strategic objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.</i>						
Goal leader: Ana M. Kocur, General Counsel						
III-D-1. Timely review information reported by the National Railroad Retirement Investment Trust to carry out RRB's oversight responsibility under section 15(j) (5) (F) of the Railroad Retirement Act. Reports are to be reviewed within 30 days of receipt. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes

Footnotes are following:

^{1/} Actual results represent status as of September 30, 2017, unless otherwise noted.

^{2/} The goal for Unemployment and Sickness claim timeliness has been lowered for FY 2018. There is a lack of funding to support the hiring of additional Field Service staff needed to perform these tasks at the same level of performance as seen in prior years.

^{3/} Disability Benefits Division (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 revising business processes, DBD is determining a more appropriate goal.

^{4/} The goal for planned ERSNet Services for FY 2018 and FY 2019 has been reduced due to the loss of funding for contracted services and competing projects for in-house resources.

^{5/} The payment accuracy rate is the percentage of dollars paid correctly as a result of adjudication actions performed.

^{6/} The actual results represent status as of March 31, 2017.

^{7/} The actual results represent status as of June 30, 2017.

^{8/} The goal for Unemployment payment accuracy has been lowered for FY 2018 and FY 2019. There is a lack of funding to support the hiring of additional Field Service staff to perform these tasks at the same level of performance as seen in prior years.

^{9/} FY 2014 performance was used to establish a baseline. No performance goal was established for FY 2015.

^{10/} Actual IP rates for FY 2014 and 2015 were adjusted to accurately show that fiscal year data reviewed matches the fiscal year data reported.

^{11/} Our annual goal for FY 2018 was adjusted to more closely match the defined performance goal, and to be more representative of our current return on investment.

Note: A full-year 2018 appropriation was not enacted at the time this publication was prepared. The amount shown is in accordance with the following Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017; 115-90, Further Continuing Appropriations Act, 2018; and 115-96, Further Additional Continuing Appropriations Act, 2018 without the reduction applied.

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JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

DUAL BENEFITS PAYMENTS ACCOUNT

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, \$19,000,000, which shall include amounts becoming available in fiscal year 2019 pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: Provided, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.

Note: A full year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included in 2018 reflect the annualized level provided by the continuing resolution. The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB's Actuarial estimate.

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p><i>For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, \$19,000,000, which shall include amounts becoming available in fiscal year 2018 pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: Provided, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.</i></p>	<p>The proposed appropriation language provides \$19,000,000 to the Dual Benefits Payments Account for payment of vested dual benefits. Of the \$19,000,000, it is estimated that \$1 million will be derived from income tax revenues as provided by Section 224(c) (1) (B) of Public Law 98-76. Also, an additional reserve amount, not to exceed 2 percent, will be made available only if the product of recipients and the average benefit received exceeds the amount available. The monies provided to the Dual Benefits Payments Account are to be made available to the account on a monthly basis in 12 approximately equal amounts. The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB's Actuarial estimate.</p>

Authorizing Legislation

Legislation	2018		2019	
	Authorized	Continuing Resolution	Authorized	Appropriation request
Railroad Retirement Act of 1974 as amended: Sections 15(d)(1), 7(c)(1), and 15(i)(2)				
Dual Benefits Payments	Indefinite	\$25,000,000 <u>a/</u>	Indefinite	\$19,000,000

a/ A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The Fiscal Year 2018 estimate amount shown is in accordance with Public Laws: 115-56, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 that provided continuing appropriations from October 1, 2017 through December 8, 2017; 115-90, Making further continuing appropriations for fiscal year 2018, and other purposes that provided continuing appropriations from December 9, 2017 through December 22, 2017; and 115-96, Further Additional Continuing Appropriations Act, 2018 that provided continuing appropriations from December 22, 2017 through January 19, 2018, without the reduction applied. The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB’s Actuarial estimate.

Section 15(d) (1):

"There is hereby created an account in the Treasury of the United States to be known as the Dual Benefits Payments Account. There is hereby authorized to be appropriated to such account for each fiscal year beginning with the fiscal year ending September 30, 1982, such sums as are necessary to pay during such fiscal year the amounts of annuities estimated by the Board to be paid under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445."

Section 7(c) (1):

"In any fiscal year, the total amounts paid under such sections shall not exceed the total sums appropriated to the Dual Benefits Payments Account for that fiscal year."

Section 15(i) (2):

"The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts."

Appropriations History Table

Dual Benefits Payments Account a/

<u>Year</u>	<u>Budget estimate to the Congress</u>	<u>House allowance</u>	<u>Senate allowance</u>	<u>Appropriation/ continuing resolution</u>
2010	64,000,000	64,000,000	64,000,000	64,000,000
2011	57,000,000	---	---	56,886,000 <u>b/</u>
2012	51,000,000	---	---	50,914,950 <u>c/</u>
2013	45,000,000	---	---	50,914,950 <u>d/</u>
2014	39,000,000	---	---	39,000,000 <u>e/</u>
2015	34,000,000	---	---	34,000,000 <u>f/</u>
2016	29,000,000	---	---	29,000,000 <u>g/</u>
2017	25,000,000	---	---	25,000,000 <u>h/</u>
2018	22,000,000	22,000,000	22,000,000	25,000,000 <u>i/</u>
2019	19,000,000			

a/ For all amounts on the following table, the appropriation language provides that an additional amount, not to exceed 2 percent of the appropriation amount, shall become available under certain conditions to provide for full payment of vested dual benefits. The appropriation language also specifies that the amount made available will be credited to the account on a monthly basis in 12 approximately equal amounts.

b/ Amount reflects the level of funding provided by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). This amount reflects an appropriation of \$57,000,000 less a rescission of \$114,000.

c/ Amount reflects an appropriation of \$51,000,000, less a rescission of \$85,050 provided by the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012 (P.L. 112-74).

d/ Amount reflects an appropriation of \$50,914,950 provided by the Consolidated and Further Continuing Appropriation Act, 2013 (P.L. 113-6).

e/ Amount reflects an appropriation of \$39,000,000 provided by the Consolidated Appropriation Act, 2014 (P.L. 113-76).

f/ Amount reflects an appropriation of \$34,000,000 provided by the Consolidated and Further Appropriation Act, 2015 (P.L. 113-235).

g/ Amount reflects an appropriation of \$29,000,000 provided by the Consolidated Appropriations Act, 2016 (P.L. 114-113).

h/ The Consolidated Appropriations Act, 2017 (P.L. 115-31) provided \$25,000,000 for the Dual Benefits Payments Account.

i/ A full-year 2018 appropriation for this account was not enacted at the time this publication prepared. The amount shown is in accordance with the following Public Laws: 115-56, 115-90 and 115-96 without the reduction applied. The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB's Actuarial estimate.

Funding Sources

The proposed fiscal year 2019 appropriation language calls for funding from the following source.

<u>Funding sources</u>	<u>Budget authority ^{a/}</u>
General revenue	\$19,000,000
[Of the \$19,000,000 to be funded from general revenue, \$1,000,000 is expected from income taxes on vested dual benefits.]	

^{a/} The proposed appropriation language provides that "... an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits"

Note: The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB's Actuarial estimate.

Dual Benefits Payments Account

Amounts Available for Obligation

	<u>Fiscal year 2017 Actual</u>	<u>Fiscal year 2018 Estimate</u>	<u>Fiscal year 2019 Estimate</u>
Appropriation, excluding 2% contingency reserve (general funds of the Treasury)	\$25,000,000	\$25,000,000	\$19,000,000
Transfer from other accounts (Federal Payments to the Railroad Retirement Accounts)	<u>2,000</u> a/	<u>2,000</u> a/	<u>2,000</u> a/
Subtotal:	\$25,002,000	\$25,002,000	\$19,002,000
Less:			
Unobligated balance	<u>\$1,253,285</u>	<u>---</u>	<u>---</u>
Total obligations (payments to beneficiaries)	<u>\$23,749,715</u>	<u>\$25,002,000</u>	<u>\$19,002,000</u>

a/ This amount represents this account's share of interest on uncashed checks.

Note: A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The amount shown is in accordance with the following Public Laws: 115-56, 115-90 and 115-96 without the reduction applied. The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB's Actuarial estimate.

Explanation of 2019 Request

This is the 44th request for appropriations authorized by the Railroad Retirement Act of 1974 to fund vested dual benefits received by railroad retirees who, under prior law, would have become covered by both the railroad retirement system and the social security system because railroad retirement was not fully coordinated with social security from 1937 to 1974.

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 benefitted 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 1976-2000. 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.

The fiscal year 2019 appropriation language provides for 12 monthly payments to this account from general revenues and specifies that \$19,000,000 be appropriated for benefits. In addition, the proposed language provides that an additional amount not to exceed 2 percent of the \$19,000,000 appropriated shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits. The change from the FY 2019 Budget Submission amount of \$18,000,000 was due to an update in the RRB's Actuarial estimate.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$150,000, to remain available through September 30, 2019, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76.

Note: A full year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included in 2018 reflect the annualized level provided by the continuing resolution.

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<i>For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$150,000, to remain available through September 30, 2020, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76.</i>	<p>Section 417 of Public Law 98-76 (Railroad Retirement Solvency Act of 1983) amended the Railroad Retirement Act of 1974 to provide for monthly transfers from the Treasury of amounts for benefit checks drawn 6 months earlier and not presented for payment.</p> <p>Since fiscal year 1991, the RRB does not receive credits to this account for the principal amount of uncashed railroad retirement checks under provisions of the Competitive Equality Banking Act of 1987. Instead, such funds, which are appropriated to the Treasury, are transferred directly to the railroad retirement accounts and the Dual Benefits Payments Account. Interest on uncashed railroad retirement checks, however, must still be appropriated in advance to this account.</p>

Authorizing Legislation

Legislation	2018		2019	
	Authorized	Current estimate	Authorized	Appropriation request
Railroad Retirement Solvency Act of 1983, Section 417	Indefinite	\$150,000 <u>a/</u>	Indefinite	\$150,000
Competitive Equality Banking Act of 1987, Section 1003				
Railroad Retirement Act of 1974, as amended, Section 15(i)(2)				

"The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts."

Appropriations History Table

<u>Fiscal Year</u>	<u>Budget estimate To the congress</u>	<u>House allowance</u>	<u>Senate allowance</u>	<u>Appropriation/ continuing resolution</u>
2010	\$150,000	\$150,000	\$150,000	\$150,000
2011	150,000	150,000	150,000	150,000
2012	150,000	---	---	150,000
2013	150,000	---	---	150,000
2014	150,000	---	---	150,000
2015	150,000	---	---	150,000
2016	150,000	---	---	150,000
2017	150,000	---	---	150,000
2018	150,000	150,000	150,000	150,000 a/
2019	150,000	---	---	

a/ A full-year 2018 appropriation for this account was not enacted at the time this publication was prepared. The amount shown is in accordance with the following Public Laws: 115-56, 115-90 and 115-96 without the reduction applied.

Note: Amounts appropriated are available for 2 years.

Federal Payments to the Railroad Retirement Accounts
(Appropriations for Uncashed Checks)

Amounts Available for Obligation

	<u>Fiscal year</u> <u>2017 actual</u>	<u>Fiscal year</u> <u>2018 estimate</u>	<u>Fiscal year</u> <u>2019 estimate</u>
Appropriation	\$150,000	\$150,000	\$150,000
Plus:			
Unobligated balance, start of year	<u>150,000 a/</u>	<u>150,000 a/</u>	<u>150,000 a/</u>
Subtotal:	\$300,000	\$300,000	\$300,000
Less:			
Unobligated balance, end of year	<u>290,049</u>	<u>200,000</u>	<u>200,000</u>
Total obligations	<u>\$9,951</u>	<u>\$100,000</u>	<u>\$100,000</u>

a/ Of the total end of year unobligated balance, only the \$150,000 appropriated in the previous fiscal year is brought forward into the subsequent fiscal year.

Explanation of 2019 Request

Prior to enactment of Section 417 of the Railroad Retirement Solvency Act of 1983, amounts for uncashed benefit checks were not credited to the Railroad Retirement Accounts. Section 417 provided a two-part process for recovering unnegotiated benefit check amounts. The first part, represented by the 1985 appropriation request, was a catch-up mechanism to credit the accounts with the amount of all uncashed checks issued prior to May 1985 that the Treasury and the RRB could jointly identify from accounting records. The amount agreed upon and appropriated in 1985 was \$15 million and was to remain available through September 30, 1986.

The second part of the process went into effect for checks issued on and after May 1, 1985. From that date, on a monthly basis, the Treasury transferred to the account amounts represented by checks drawn 6 months earlier and not presented for payment. These amounts were provided for, in advance, in appropriation acts. For fiscal year 1991 and thereafter, the RRB is to seek appropriation authority only for the interest earned on unnegotiated checks. Under provisions of the Competitive Equality Banking Act of 1987, the principal amount of uncashed railroad retirement checks is to be appropriated to the Treasury, which in turn shall transfer such amounts directly to the appropriate RRB accounts.

The appropriation proposed for fiscal year 2019 provides that funds would be available for 2 years, through September 30, 2020.

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Information Technology Investment Initiatives

For fiscal year 2019, OMB guidance provides for an IT investment level of \$1,600,000 for LSMS and \$2,400,000 for EIS; however, this level does not encompass all needed IT investments included in the Agency Request shown below. The IT investments initiatives that would remain unfunded include: components of the Legacy Systems Modernization Services, Electronic Records Utilization and Paperless Processing, components of Cyber Security and Privacy, Financial Management Integrated Systems Upgrade, and Records Management System.

The following list of prioritized IT investment initiatives are critical to the RRB’s Agency Reform Plan as submitted in accordance with OMB Guidance M-17-22, “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Workforce,” as well as promotes compliance with the President’s Executive Order, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure*, dated May 11, 2017 and the related OMB Memorandum, M-17-25.

	Investment	Agency Request Level	OMB Guidance	Additional Need
1	Enterprise Infrastructure Solutions (EIS)	2,400,000	2,400,000	0
2	Legacy Systems Modernization Services (LSMS)	7,280,000	1,600,000	5,680,000
3	Electronic Records Utilization and Paperless Processing	2,200,000	0	2,200,000
4	Cybersecurity and Privacy	1,072,000	0	1,072,000
5	Financial Management Integrated System (FMIS) Upgrade	1,250,000	0	1,250,000
6	Records Management System	1,315,000	0	1,315,000
		\$15,517,000	\$4,000,000	\$11,517,000

Priority 1: Enterprise Infrastructure Solutions (EIS)¹

Investment	Agency Request Level	OMB Guidance	Additional Need
Enterprise Infrastructure Solutions (EIS)	\$2,400,000	\$2,400,000	0

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.” GSA has established this single new EIS program, to replace all of the existing contract vehicles for government telecommunications and infrastructure solutions. The transition must be completed no later than March 2020, and gives RRB the opportunity to consolidate network services, as well as to re-architect and modernize our network infrastructure.

¹ The EIS project is the top priority for FY 2019 due to the expiration of GSA’s Network 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.

Using the assigned \$2.4M in FY 2019, the RRB will move forward with the EIS transition for network related equipment, services and parallel operations as needed during the transition. With the assigned funding, we will issue 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 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.

Much of the transition will migrate existing technology to similar or enhanced technology in a “like for like” fashion, where applicable. As applicable the RRB will pursue technological enhancements and efficiencies factoring in return on investment, capital expense, and human capital effort. This EIS contract enables RRB to reinvent its network infrastructure. By combining the previously implemented disparate Voice over IP (VoIP) systems at the Field locations and the HQ, we enable a uniform 5-digit dialing across all nationwide offices of the RRB. With the emerging cloud solutions we optimize our network backbone connectivity to overcome latency issues when our users access cloud services. The market trend is in advanced automation combined with just in time analytics to create networking solutions. Where feasible we leverage software based networking services, namely Network Virtualization and SDWAN services.

Priority 2: Legacy Systems Modernization Services (LSMS)

Investment	Agency Request Level	OMB Guidance	Additional Need
Legacy Systems Modernization Services (LSMS)	\$7,280,000	\$1,600,000	\$5,680,000

The RRB’s Legacy Systems Modernization Services (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. The RRB's mainframe environment includes 200 major distinct applications systems consisting of approximately 12 million lines of code in COBOL. 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 heavy to protect sensitive customer data in the legacy systems. Using an incremental and iterative approach, we will transform high risk enterprise systems with a digital first perspective.

With the limited agency funding, the current LSMS phase is estimated to complete in 7 years. In other words, it will take an additional 5 years beyond what was envisioned two fiscal years ago. This project extension adds new risks with the end-of-life for agency's mainframe computer (Dec 2018) along with the attrition of the mainframe support staff (Dec 2018). To mitigate these risks sooner rather than later, the revised plan is to first focus on the mainframe risk alone (by legacy re-platform), and then mitigate the risk of COBOL applications. Under the legacy re-platform approach, the agency will transition the current COBOL based applications from the mainframe environment to a server based platform. This legacy re-platform solution is the highest priority in FY 2018. Market research indicates that our legacy re-platform solution can be achieved in 15 to 18 months.

Assuming that the agency is able to set aside funding in FY 2018 to complete the legacy re-platform approach, then the \$1.6M in FY 2019 will enable RRB to start, but not complete, the re-engineering of the benefit processing services. It is estimated that an additional \$5.68M is needed in FY 2019 and \$10.1M subsequently, for a total of \$17.38M to complete the entire re-engineering effort. With the \$1.6M we begin this phase by conducting the business process re-engineering and architecture blueprint to enable shared services from the Cloud. The agency has the opportunity to rethink our business processes and how best to fulfill the mission. To facilitate this thinking, we will bring in external contractors (subject matter experts) to deliver the blueprint. Based on the blue print and with the projected funding in the upcoming fiscal years, we build and complete the next set of deliverables to achieve the transformation, namely:

1. The core services for the agency that cannot be outsourced (benefit calculation and payment processing);
2. The closely tied shared services in terms of Imaging, Records Management, Prescriptive Analytics, and Audit/Compliance; and
3. All other services that are available as Cloud services in a Government Community Cloud.

The impact from not receiving any additional funds for FY 2019 (beyond the \$1.6M) is that we cannot mitigate the risk of COBOL applications sooner. Considering the steps outlined above, the limited funding will get us started (but unable to complete) on step (1) from the blue print mentioned above, and we postpone the other steps (2) and (3). In other words, the agency will have to postpone the transition to the private cloud for storage of High Value Assets, and to the external Government Community Cloud for Case Management, Customer Management, Desktop-as-a-Service, DevOps, Continuous Monitoring, Website portal, and Railroad Community Self-service solutions.

UNFUNDED INFORMATION TECHNOLOGY INVESTMENT PRIORITIES

As the RRB's current IT environment ages, the risk increases for aggravated security issues, reduced efficiencies, inability to meet critical mission workforce needs, and inadequate project oversight. Delays or restrictions on funding the implementation of these initiatives will hamper the RRB's ability to meet its mission and strategic goals.

Under the President's proposed FY 2019 budget, the following mission critical initiatives did not receive funding.

Priority 3 (Unfunded): Electronic Records Utilization and Paperless Processing

Investment	Agency Request Level	OMB Guidance	Additional Need
Electronic Records Utilization and Paperless Processing	\$2,200,000	0	\$2,200,000

RRB's Electronic Records Utilization and Paperless Processing initiative is the RRB's third 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.

Priority 4 (Unfunded): Cybersecurity and Privacy

Investment	Agency Request Level	OMB Guidance	Additional Need
Cybersecurity and Privacy	\$1,072,000	0	\$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.

Priority 5 (Unfunded): Financial Management Integrated System Upgrade

Investment	Agency Request Level	OMB Guidance	Additional Need
Financial Management Integrated System (FMIS) Upgrade	\$1,250,000	0	\$1,250,000

In compliance with Financial Management Line of Business (FMLOB) 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.

Priority 6 (Unfunded): Records Management System \$1,315,000

Investment	Agency Request Level	OMB Guidance	Additional Need
Records Management System	\$1,315,000	0	\$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 did not receive funding to meet this mandate.

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 Records Management System (RMS) based on the action plan.

This funding will support RRB's plan to develop and implement a new cloud based 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 third proposals to "Improve Organizational Efficiency and Effectiveness" as discussed in the RRB's Agency Reform Plan in accordance with OMB Guidance M-17-22.

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment

Series	Rank	FY 2017 actual	FY 2018 estimate	FY 2019 estimate
Executive	Level III	0	1	1
	Level IV	2	2	2
Senior Executive Service	ES-00	6	7	7
General Schedule/Management	GS/GM-15	35	32	32
	GS/GM-14	64	60	52
	GS/GM-13	101	96	90
	GS-12	213	202	189
	GS-11	115	111	99
	GS-10	117	114	99
	GS-9	59	57	47
	GS-8	40	38	27
	GS-7	54	52	45
	GS-6	7	7	6
	GS-5	12	10	41
	GS-4	28	29	20
	GS-3	0	0	0
	GS-2	0	0	0
All Levels Combined	Total	853	818	757

Positions in the Office of Inspector General are excluded.

Note: The estimated 757 FTEs, is 93 FTEs less than what is needed to sustain the agency's mission essential functions. Funding for the agency's Information Technology investments would improve the agency's ability to sustain organizational performance at lower FTE levels in the future.

**AVERAGE ES/SES AND GS/GM SALARIES AND BENEFITS
AND GS/GM GRADES**

	FY 2017 actual	FY 2018 Estimate	FY 2019 estimate
Average ES/SES salary	\$177,274	\$176,042	\$176,042
Average ES/SES benefits	57,046	51,018	51,658
Total, ES/SES	234,320	227,060	227,700
Average GS/GM salary	\$83,850	\$89,763	\$90,197
Average GS/GM benefits	26,983	26,014	26,468
Total, GS/GM	110,833	115,777	116,665
Average GS/GM grade	12.3	12.4	12.4

**RAILROAD RETIREMENT BOARD
EMPLOYEE RELOCATION EXPENSES**

	Past year FY 2017	Current year FY 2018	Budget year FY 2019
Total	<u>\$217,475</u>	<u>\$402,500</u>	<u>\$234,000</u>

LEGISLATIVE PROPOSALS FOR FY 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 2017 Budget 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. The 2017 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. 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 2017 Budget proposed access to NDNH for the 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.