RAILROAD RETIREMENT BOARD

FISCAL YEAR 2020

BUDGET SUBMISSION

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

Dear Mr. Mulvaney:

Enclosed is our budget request for fiscal year 2020. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

The agency's request level in the enclosed budget reflects the direct funding of $136.8 million and provides funding to maintain 850 full time equivalents (FTEs). The Railroad Retirement Board (RRB) recognizes the ongoing need and responsibility to manage our human capital resources effectively through focused workforce planning and talent management efforts combined with information technology (IT) modernization investment to better support a leaner agency, while achieving the mission. The agency request level would further ongoing IT modernization efforts by providing approximately $10.18 million, in no year funds. Embracing the President's Management Agenda, the RRB's IT Modernization Program includes re-engineering core business processes and streamlining operations using effective and efficient IT solutions; implementing shared and cloud services; deploying citizen-focused self-service digital solutions; as well as ensuring data security, confidentiality, integrity, and availability.

In accordance with OMB Fiscal Year 2020 Budget Guidance memorandum dated June 22, 2018, our fiscal year 2020 budget submission also includes a level five percent below the net Non-Defense Discretionary total provided the RRB in the fiscal year 2020 Column of the fiscal year 2019 Budget. This reduced budget level would provide $109.25 million and support 713 FTEs. Budget projections show that at the $109.25 million level, the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach 713 FTEs provided at this level, which is 137 FTEs less than needed to sustain the agency's mission essential functions. At this funding level, the agency would be critically close to mission failure and forced to halt ongoing efforts to modernize our legacy systems.

The agency baseline plus IT funding investment level of the budget totals $126.5 million and provides minimal funding for 772 FTEs, but allow us to invest $10 million into ongoing IT modernization initiatives. At this funding level, budget projections also show that the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach this FTE level. Continued funding for the RRB's IT modernization program project is crucial for implementation of the President's Management Agenda and compliance with the Presidential Executive Order, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure, dated May 11, 2017.*

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2020 costs of vested dual benefits, $16 million, with a 2 percent reserve of $320,000. The RRB also requests $1.016 billion for applicable military service credits through December 2016, with interest through September 4, 2018.

Finally, included in the budget submission are five agency legislative proposals. The first would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies. The second would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize student and recent graduate hiring authorities available to other Federal agencies. The third would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency. The fourth would amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and waive the customary fee for the RRB. The final would amend the Privacy Act of 1974 to extend the effective period of computer matching agreements.

As required by Section 1108(c) of Title 31, United States Code, we certify that all statements of obligations furnished to OMB in connection with our requests for proposed appropriations for fiscal year 2020 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Vacant
Chairman

Original signed
Walter A. Barrows
Labor Member
September 14, 2018

Original signed
Steven J. Anthony
Management Member
September 14, 2018

Enclosure

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

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

Dear Mr. President:

Enclosed is our budget request for fiscal year 2020. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

The agency's request level in the enclosed budget reflects the direct funding of $136.8 million and provides funding to maintain 850 full time equivalents (FTEs). The Railroad Retirement Board (RRB) recognizes the ongoing need and responsibility to manage our human capital resources effectively through focused workforce planning and talent management efforts combined with information technology (IT) modernization investment to better support a leaner agency, while achieving the mission. The agency request level would further ongoing IT modernization efforts by providing approximately $10.18 million, in no year funds. Embracing the President's Management Agenda, the RRB's IT Modernization Program includes re-engineering core business processes and streamlining operations using effective and efficient IT solutions; implementing shared and cloud services; deploying citizen-focused self-service digital solutions; as well as ensuring data security, confidentiality, integrity, and availability.

In accordance with OMB Fiscal Year 2020 Budget Guidance memorandum dated June 22, 2018, our fiscal year 2020 budget submission also includes a level five percent below the net Non-Defense Discretionary total provided the RRB in the fiscal year 2020 Column of the fiscal year 2019 Budget. This reduced budget level would provide $109.25 million and support 713 FTEs. Budget projections show that at the $109.25 million level, the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach 713 FTEs provided at this level, which is 137 FTEs less than needed to sustain the agency's mission essential functions. At this funding level, the agency would be critically close to mission failure and forced to halt ongoing efforts to modernize our legacy systems.

The agency baseline plus IT funding investment level of the budget totals $126.5 million and provides minimal funding for 772 FTEs, but allow us to invest $10 million into ongoing IT modernization initiatives. At this funding level, budget projections also show that the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach this FTE level. Continued funding for the RRB's IT modernization program project is crucial for implementation of the President's Management Agenda and compliance with the Presidential Executive Order, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure, dated May 11, 2017.*

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2020 costs of vested dual benefits, $16 million, with a 2 percent reserve of $320,000. The RRB also requests $1.016 billion for applicable military service credits through December 2016, with interest through September 4, 2018.

Finally, included in the budget submission are five agency legislative proposals. The first would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies. The second would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize student and recent graduate hiring authorities available to other Federal agencies. The third would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency. The fourth would amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and waive the customary fee for the RRB. The final would amend the Privacy Act of 1974 to extend the effective period of computer matching agreements.

As required by Section 1108(c) of Title 31, United States Code, we certify that all statements of obligations furnished to OMB in connection with our requests for proposed appropriations for fiscal year 2020 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Vacant
Chairman

Original signed
Walter A. Barrows
Labor Member
September 14, 2018

Original signed
Steven J. Anthony
Management Member
September 14, 2018

Enclosure

cc: Honorable Richard Shelby
     Chairman, Senate Committee on Appropriations

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

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

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

Dear Mr. Speaker:

Enclosed is our budget request for fiscal year 2020. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

The agency's request level in the enclosed budget reflects the direct funding of $136.8 million and provides funding to maintain 850 full time equivalents (FTEs). The Railroad Retirement Board (RRB) recognizes the ongoing need and responsibility to manage our human capital resources effectively through focused workforce planning and talent management efforts combined with information technology (IT) modernization investment to better support a leaner agency, while achieving the mission. The agency request level would further ongoing IT modernization efforts by providing approximately $10.18 million, in no year funds. Embracing the President's Management Agenda, the RRB's IT Modernization Program includes re-engineering core business processes and streamlining operations using effective and efficient IT solutions; implementing shared and cloud services; deploying citizen-focused self-service digital solutions; as well as ensuring data security, confidentiality, integrity, and availability.

In accordance with OMB Fiscal Year 2020 Budget Guidance memorandum dated June 22, 2018, our fiscal year 2020 budget submission also includes a level five percent below the net Non-Defense Discretionary total provided the RRB in the fiscal year 2020 Column of the fiscal year 2019 Budget. This reduced budget level would provide $109.25 million and support 713 FTEs. Budget projections show that at the $109.25 million level, the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach 713 FTEs provided at this level, which is 137 FTEs less than needed to sustain the agency's mission essential functions. At this funding level, the agency would be critically close to mission failure and forced to halt ongoing efforts to modernize our legacy systems.

The agency baseline plus IT funding investment level of the budget totals $126.5 million and provides minimal funding for 772 FTEs, but allow us to invest $10 million into ongoing IT modernization initiatives. At this funding level, budget projections also show that the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach this FTE level. Continued funding for the RRB's IT modernization program project is crucial for implementation of the President's Management Agenda and compliance with the Presidential Executive Order, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure, dated May 11, 2017.*

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2020 costs of vested dual benefits, $16 million, with a 2 percent reserve of $320,000. The RRB also requests $1.016 billion for applicable military service credits through December 2016, with interest through September 4, 2018.

Finally, included in the budget submission are five agency legislative proposals. The first would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies. The second would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize student and recent graduate hiring authorities available to other Federal agencies. The third would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency. The fourth would amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires and waive the customary fee for the RRB. The final would amend the Privacy Act of 1974 to extend the effective period of computer matching agreements.

As required by Section 1108(c) of Title 31, United States Code, we certify that all statements of obligations furnished to OMB in connection with our requests for proposed appropriations for fiscal year 2020 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Vacant
Chairman

Original signed
Walter A. Barrows
Labor Member
September 14, 2018

Original signed
Steven J. Anthony
Management Member
September 14, 2018

Enclosure

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

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

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

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

RAILROAD RETIREMENT BOARD
FISCAL YEAR 2020 BUDGET SUBMISSION

Table of Contents

APPROPRIATION REQUESTS **Page**

RAILROAD RETIREMENT BOARD
FISCAL YEAR 2020 BUDGET SUBMISSION

Table of Contents

OMB EXHIBITS

Information Technology

Proposed Legislation

Other

RAILROAD RETIREMENT BOARD

<u>Social Security Equivalent Benefit Account</u>
<u>Budget Account - 60-8010-0-7-601</u>

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

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

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

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

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

<u>Requested appropriation</u>

The table on page 2 identifies the estimated budget authority and outlays for this account for fiscal years 2018 through 2028, based on the Office of Management and Budget's (OMB) FY 2018 Mid-Session Review economic assumptions, revised December 2017. The estimates reflect current law.

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

Analysis of Resources
(in thousands of dollars)

	2018	**2019**	**Current services 2020**
Budget authority…………	7,358,000	7,588,000	7,845,000
Outlays……………………	7,335,000	7,561,000	7,827,000

	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Budget authority:								
Current services……………	8,034,000	8,210,000	8,373,000	8,522,000	8,665,000	8,807,000	8,958,000	9,116,000
Outlays:								
Current services……………	8,020,000	8,197,000	8,364,000	8,512,000	8,658,000	8,798,000	8,949,000	9,104,000

Note: In March 2018, the RRB paid social security equivalent benefits to 436,000 beneficiaries. The RRB estimates that in March 2019 and 2020, the agency will pay these benefits to 438,000 and 434,000 beneficiaries, respectively.

RAILROAD RETIREMENT BOARD

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

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

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

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

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

Requested appropriation

The table on page 4 identifies estimated budget authority and outlays for this account for fiscal years 2018 through 2028. The estimates are based on OMB's FY 2018 Mid-Session Review economic assumptions, revised December 2017. The estimates reflect current law.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

Current services

	2018	2019	2020
Budget authority............	5,465,000	5,557,000	5,563,000
Outlays.................	5,453,000	5,547,000	5,554,000

	2021	2022	2023	2024	2025	2026	2027	2028
Budget authority: Current services...	5,601,000	5,632,000	5,664,000	5,701,000	5,746,000	5,798,000	5,856,000	5,934,000
Outlays: Current services...	5,593,000	5,624,000	5,654,000	5,690,000	5,734,000	5,785,000	5,843,000	5,919,000

Notes: The RRB paid tier II benefits to 494,000 beneficiaries in March 2018. The agency expects to pay these benefits to 497,000 beneficiaries in March 2019 and 492,000 beneficiaries in March 2020. The RRB also paid supplemental annuities to 122,000 beneficiaries in March 2018. The agency expects to pay supplemental annuities to 119,000 beneficiaries in March 2019, and 116,000 beneficiaries in March 2020.

RAILROAD RETIREMENT BOARD

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

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

Military service credits

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

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

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

➢ July 1, 1963, and later.

In prior years, we have sought concurrence with our methodology for computing the reimbursable amount from the Social Security Administration (SSA), Treasury and OMB. We received responses from SSA and Treasury. SSA has concurred with our methodology while Treasury stated that they had no role in this particular process. Section 15(b) requires that these reimbursements from the general funds be authorized in advance by an appropriation act. The fiscal year 2020 appropriation request includes $1,016,244,862 for applicable military service credits through December 2016, with interest through September 4, 2018. Excluded are all costs for which the RRB has already received credits.

Interest on uncashed checks

Section 417 of the Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to provide for the reimbursement of principal and interest for unnegotiated railroad retirement benefit checks to the extent that such reimbursements are provided for in advance in appropriation acts. Beginning in fiscal year 1991, the principal amount of uncashed railroad retirement and railroad unemployment insurance checks and checks for administrative expenses, under provisions of the Competitive Equality Banking Act of 1987, are made available by Treasury. Treasury transfers principal amounts directly to the appropriate trust fund or administrative limitation. As a result, the RRB is not required to seek prior appropriation authority for the principal amount of the uncashed check transfers. Interest on uncashed checks, however, must be appropriated in advance. This account is the vehicle through which such appropriations are made. Under current law, the RRB requests $150,000 for estimated interest related to uncashed checks in fiscal year 2020, which shall remain available through September 30, 2021.

Other transfers

Appropriations are not necessary for other amounts that flow through this account to the appropriate trust fund accounts under authorizing legislation. Amounts expected to be transferred through this account in fiscal year 2020 that do not require appropriation action include $294 million in income taxes on the social security equivalent portion of tier I benefits, and $403 million in income taxes on tier II benefits and the non-social security equivalent portion of tier I benefits.

Requested appropriation

The table on page 7 identifies the estimated budget authority and outlays for this account for fiscal years 2018 through 2028. The estimates are based on OMB's FY 2018 Mid-Session Review economic assumptions, revised December 2017. The current services level includes interest amounts on uncashed checks for all years.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	2018	**2019**	**Current services 2020** [1]
Budget authority…………	770,150	739,150	1,713,395
Outlays………………	770,150	739,150	1,713,395

	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Budget authority:								
Current services…………	721,150	744,150	766,150	789,150	814,150	938,150	1,001,150	1,032,150
Outlays:								
Current services…………	721,150	744,150	766,150	789,150	814,150	938,150	1,001,150	1,032,150

[1] Fiscal year 2020 budget authority and outlay amounts for current services include $1,016,244,862 for military service credits through December 2016 with interest through September 4, 2018.

OMB A-11 Reference: Section 51.3 (June, 2018)

THIS PAGE IS INTENTIONALLY LEFT BLANK

RAILROAD RETIREMENT BOARD

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

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

Legislative history

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

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

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

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

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

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

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

Requested appropriation

The table on page 11 identifies the estimated budget authority and outlays for the Dual Benefits Payments Account for fiscal years 2018 through 2028.

The Consolidated Appropriations Act, 2018 (P.L. 115-141) provided $22,000,000 for the payment of vested dual benefits.

The estimate for fiscal year 2019 includes $19,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve of $380,000 to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available to pay benefits.

For fiscal year 2020, the RRB requests an appropriation of $16,000,000 to pay vested dual benefits, plus a 2 percent reserve of $320,000 to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits. An estimated $1,000,000 in income taxes on these benefits will be credited to the Dual Benefits Payments Account.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	2018	**2019**	Current services **2020**
Budget authority……………	22,000	19,000	16,000
Outlays……………………	22,000	19,000	16,000

	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Budget authority:								
Current services…………	13,000	11,000	9,000	8,000	6,000	5,000	4,000	3,000
Outlays:								
Current services…………	13,000	11,000	9,000	8,000	6,000	5,000	4,000	3,000

Note: The budget estimates for this account include its share of interest on unnegotiated checks through fiscal year 2019.

The RRB paid vested dual benefits to 11,000 beneficiaries in March 2018. The agency expects to pay these benefits to 9,000 beneficiaries in March 2019 and to 8,000 beneficiaries in March 2020.

THIS PAGE IS INTENTIONALLY LEFT BLANK

RAILROAD RETIREMENT BOARD

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

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

Retirement/Survivor Benefit Program

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

The RRB estimates that it will pay the following in retirement and survivor benefits through fiscal year 2020: $12.7 billion to 543,000 persons in fiscal year 2018, $13.0 billion to 539,000 persons in fiscal year 2019 and $13.3 billion to 533,000 persons in fiscal year 2020.

Legislative history

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

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

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

Railroad Retirement and Survivors' Improvement Act of 2001

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

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

Coordination with Social Security

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

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

Sources of income for the retirement/survivor benefit program

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

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

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

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

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

Unemployment/Sickness Insurance Program

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

In the benefit year that ended June 30, 2018, the RRB paid $42,588,000 in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered $1,540,000, resulting in net payments of $41,048,000 to a total of 9,317 unemployment insurance claimants. During the same period, the RRB paid $77,346,000 in sickness insurance benefits from the RUI Account, and recovered $21,172,000, resulting in net payments of $56,174,000 to a total of 15,689 sickness insurance claimants. The RRB also recovered a total of $21,000 under provisions of the American Recovery and Reinvestment Act of 2009, and recovered $148,000 in additional extended unemployment benefits under the Worker, Homeownership and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012.

In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 6.8% under sequestration for days of unemployment and sickness after September 30, 2015, a reduction of 6.9% for days after September 30, 2016, and 6.6% for days after September 30, 2017.

Provisions for benefits

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

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

Legislative history

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

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

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

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

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

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

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

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

.RAILROAD RETIREMENT BOARD

Administrative Appropriation Request for Fiscal Year 2020

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

Budget Level	FTEs	Amount [1]
		($ thousands)
OMB guidance 5% Reduction	713	$109,250,000
Agency Baseline level + $10M IT [2]	772	126,500,000
Agency request level	850	136,833,000

[1] Dollar amounts do not include reimbursements.

[2] Amount includes fiscal year 2018 enacted appropriation totaling $123.5 million (pursuant to P.L. 115-141) plus $3 million associated with the anticipated reduction in Vested Dual Benefits from FY 2019 to FY 2020.   Actuarial estimates indicate a $3 million decrease in Vested Dual Benefits from $19 to $16 million, based upon OMB's FY 2018 Mid-Session review, using economic assumptions revised December 2017.

OMB A-11 Reference: Section 51.3 (June, 2018)

	FY 2018	AMOUNT OF CHANGE	FY 2019 SENATE MARK	AMOUNT OF CHANGE	FY 2020 OMB Guidance 5% Reduction	AMOUNT OF CHANGE	FY 2020 AGENCY BASELINE LEVEL + $10M IT	AMOUNT OF CHANGE	FY 2020 AGENCY REQUEST
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
TOTAL FTEs (INCLUDING REIMBURSABLE)	817	(50)	768	(55)	713	59	772	78	850
TOTAL RRB DIRECT PROGRAM OBLIGATIONS									
11.1 FULL-TIME PERMANENT	62,058	(1,851)	60,207	(3,782)	56,425	5,427	61,852	7,597	69,449
11.3 OTHER THAN FULL-TIME PERMANENT	816	(224)	593	(42)	551	53	604	74	678
11.5 OTHER PERSONNEL COMPENSATION	1,477	(218)	1,259	(43)	1,216	0	1,216	0	1,216
11.9 TOTAL PERSONNEL COMPENSATION	64,351	(2,292)	62,059	(3,867)	58,192	5,480	63,672	7,671	71,342
12.1 PERSONNEL BENEFITS: CIVILIAN	22,243	(2,260)	19,983	(1,275)	18,708	1,770	20,478	2,478	22,956
13.0 BENEFITS FOR FORMER PERSONNEL	240	(86)	154	121	275	0	275	0	275
21.0 TRAVEL AND TRANSPORTATION OF PERSON:	806	(27)	779	158	937	0	937	0	937
22.0 TRANSPORTATION OF THINGS	3	54	56	47	103	0	103	0	103
23.1 RENTAL PAYMENTS TO GSA	3,350	30	3,380	220	3,600	0	3,600	0	3,600
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	5,518	222	5,741	848	6,588	0	6,588	0	6,588
24.0 PRINTING AND REPRODUCTION	278	49	327	(24)	303	0	303	0	303
25.0 OTHER SERVICES	14,104	5,094	19,198	(2,189)	17,008	0	17,008	0	17,008
26.0 SUPPLIES AND MATERIALS	677	(33)	644	61	704	0	704	0	704
31.0 EQUIPMENT	1,931	(750)	1,181	1,651	2,832	0	2,832	0	2,832
TOTAL RRB DIRECT OBLIGATIONS	113,500	0	113,500	(4,250)	109,250	7,250	116,500	10,149	126,649
REIMBURSABLE OBLIGATIONS	30,261	(505)	29,756	(193)	29,563	0	29,563	0	29,563
PLUS: NO-YEAR FUNDING FOR IT INITIATIVES	10,000	0	10,000	(10,000)	0	10,000	10,000	184	10,184
TOTAL RRB OBLIGATIONS	153,761	(505)	153,256	(14,443)	138,813	17,250	156,063	10,333	166,396
DIRECT OBLIGATIONS AND NO YEAR	123,500	0	123,500	(14,250)	109,250	17,250	126,500	10,333	136,833

1. Salary and benefit estimates reflect a 1.9 percent pay increase in January 2019 and 0.0 percent in January 2020.

2. FTE cost for 2018 is $118,000, 2019 FTE cost of $120,762, and 2020 FTE cost of $122,845.

3. Column (C): If $4,000,000 in LOA Baseline IT funding is moved to payroll in FY 2019, the impact to payroll would be an increase of 33 FTE.

4. The agency would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach FTE levels lower than 818.

5. This budget submission does not reflect anticipated cost of implementation of significant FTE reductions.

6. At the OMB Guidance 5% Reduction level, there is no funding for IT/Capital Plan initiatives.

7. Column (I): The agency request level contains $10,184,150 of No Year funding for IT Initiatives (BOC 252, Other Services from Non-Federal Sources).

8. Reimbursable Obligations: The 2018 CMS Reimbursable consists of $9,895,972 for Medicare Parts B and C, $1,027,348 for Medicare Part D, 18,838,025 for SMAC and $499,820 miscellaneous.
    The 2019 CMS Reimbursable obligation estimate consists of $9,900,000 for Medicare Parts B and C, $1,030,000 for Medicare Part D, $18,326,410 for SMAC, and $499,820 miscellaneous.
    The 2020 CMS Reimbursable obligation estimate consists of $9,900,000 for Medicare Parts B and C, $1,030,000 for Medicare Part D, $18,132,845 for SMAC, and $499,820 miscellaneous.

9. BOC 252 does not include SMAC reimbursement

10. Column (G): Amount includes the enacted amount of $113.5 million, pursuant to P.L. 115-141, Consolidated Appropriations Act, 2018, $10 million IT investments, plus $3 million
    associated with the anticipated reduction in Vested Dual Benefits from FY 2019 to FY 2020. Actuarial estimates indicate a $3 million decrease in Vested Dual Benefits from $19 to $16 million,
    based upon OMB's FY 2018 Mid-Session review, using economic assumptions revised December 2017.

11. Details may not add to totals due to rounding.

Explanation of Changes Between the Estimated Budget for Fiscal Year 2019, and Budget Levels for Fiscal Year 2020

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 Senate Mark to FY 2020 OMB Guidance 5% Reduction	FY 2020 OMB Guidance 5% Reduction to FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Baseline Level + $10M IT to FY 2020 Agency Request
	(4,250)[1/]	7,250[2/]	10,149[3/]
1. Personnel compensation	**(3,867)**	**5,480**	**7,671**
Changes reflect variations in RRB staffing at each of the budget levels. The OMB Guidance 5% Reduction level provides funding for 713 FTEs, 55 FTEs less than projected for fiscal year 2019 (and 105 FTEs less than fiscal year 2018). The agency would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach this FTE level. This budget submission does not reflect anticipated cost of implementation of significant FTE reductions. The Agency Baseline Level + $10M IT provides funding for 772 FTEs, 46 FTE's less then fiscal year 2018 and 4 FTEs more than projected for fiscal year 2019 (providing action is taken to meet the FTE level of 768 for fiscal year 2019). If the FTE level for FY 2019 of 768 is not met, the agency in FY 2020 would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach this FTE level. This budget submission does not reflect anticipated cost of implementation of significant FTE reductions. The Agency Request Level provides funding for 850 FTEs, 82 FTEs less than projected for fiscal year 2019 (and 32 FTEs less than fiscal year 2018).			
Projected compensation costs reflect an estimated pay increase of 1.90% in January 2019 and 0% in January 2020. At all funding levels, overtime is estimated at $455,940.			

Explanation of Changes Between the Estimated Budget for Fiscal Year 2019, and Budget Levels for Fiscal Year 2020

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 Senate Mark to FY 2020 OMB Guidance 5% Reduction	FY 2020 OMB Guidance 5% Reduction to FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Baseline Level + $10M IT to FY 2020 Agency Request
	(4,250)[1/]	7,250[2/]	10,149[3/]
2. Civilian personnel benefits	**(1,276)**	**1,770**	**2,478**
Employee benefits are estimated to total approximately 24.4% of salary costs in 2020, a decrease of approximately 0.6%. Changes between the fiscal year 2020 budget levels also reflect variations in RRB staffing as noted above.			
At all funding levels, the cost for change-of-station is $300,000.			
3. Benefits for former personnel	**121**	**0**	**0**
A total of $275,000 is included at each of the three budget levels for fiscal year 2020 for worker's compensation benefits to be billed by the Department of Labor in fiscal year 2020.			
4. Travel and transportation of persons	**158**	**0**	**0**
At all funding levels, travel for fiscal year 2020 is $936,455, an increase of approximately $157,445 from fiscal year 2019. The agency should be able to accomplish training, development, and customer out-reach programs at this amount.			
5. Transportation of things	**47**	**0**	**0**
At all funding levels, transportation of things is $103,200 a decrease of $47,200 from fiscal year 2019.			

OMB A-11 Reference: Section 51.3 (June, 2018)

Explanation of Changes Between the Estimated Budget for Fiscal Year 2019, and Budget Levels for Fiscal Year 2020

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 Senate Mark to FY 2020 OMB Guidance 5% Reduction	FY 2020 OMB Guidance 5% Reduction to FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Baseline Level + $10M IT to FY 2020 Agency Request
	(4,250)[1/]	7,250[2/]	10,149[3/]
6. Rental payments to the General Services Administration (GSA)	**220**	**0**	**0**
At all funding levels, a total of $3.6 million is requested for GSA rent in fiscal year 2020. This category reflects charges on an actual cost basis that RRB will continue to pay for rent, consistent with RRB's memorandum of understanding with GSA. The total is approximately $220,000 more than the planned amount for fiscal year 2019.			
7. Communications, utilities, and miscellaneous charges	**848**	**0**	**0**
At all funding levels, communications, utilities, and miscellaneous charges total $6,587,000, an increase of $814,000 from fiscal year 2019. Fiscal year 2020 details are shown below. (Amounts have been rounded to thousands.)			
FY 2020 Funding at the OMB Guidance Level			
Miscellaneous charges - $980	(20)	0	0
Postage -$1,618	34	0	0
Utilities - $575	15	0	0
Communications - $3,414	819	0	0

Explanation of Changes Between the Estimated Budget for Fiscal Year 2019, and Budget Levels for Fiscal Year 2020

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	FY 2019 Senate Mark to FY 2020 OMB Guidance 5% Reduction	FY 2020 OMB Guidance 5% Reduction to FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Baseline Level + $10M IT to FY 2020 Agency Request
	(4,250)[1/]	7,250[2/]	10,149[3/]
8. Printing and reproduction	**(24)**	**0**	**0**
At all funding levels, printing and reproduction is $303,100. This category reflects a slight decrease in costs for printing benefit rate letters, tax statements, and earnings information for railroad retirement and unemployment/sickness insurance beneficiaries. The category also includes costs for official publication of agency information in the Federal Register and Code of Federal Regulations.			
9. Other services	**(2,189)**	**0**	**0**
At all budget levels, the planned spending is $17,008,164. Fiscal year 2020 details are shown below. (Amounts have been rounded to thousands.)			
FY 2020 Funding at OMB Guidance Level			
Consulting services - $516	119	0	0
Government contracts - $2,227	484	0	0
Other services non-fed'l[1] - $3,967	(3,596)	0	0
Operation & Maintenance of equipment - $5,063	805	0	0
Medical fees - $1,615	178	0	0
Training - $698	127	0	0
Maintenance of facilities[2] - $2,922	(306)	0	0
[1] At all budget levels, the SMAC reimbursement contract in the amount of $18,132,845 is not included in the totals. [2] Funding for operation & maintenance of facilities in fiscal year 2020 may be partly offset by "no-year" money brought forward from prior fiscal years pursuant to P.L. 107-217.			

Explanation of Changes Between the Estimated Budget for Fiscal Year 2019, and Budget Levels for Fiscal Year 2020

Limitation of Administration, Direct Obligations (Dollars in Thousands)

Category	*FY 2019 Senate Mark to FY 2020 OMB Guidance 5% Reduction*	*FY 2020 OMB Guidance 5% Reduction to FY 2020 Agency Baseline Level + $10M IT*	*FY 2020 Agency Baseline Level + $10M IT to FY 2020 Agency Request*
	(4,250)[1]	7,250[2]	10,149[3]
10. Supplies and materials	**61**	**0**	**0**
At all funding levels, supplies and materials total $704,346. The amount represents a decrease of $60,714 from fiscal year 2019.			
11. Equipment	**1,651**	**0**	**0**
At all funding levels, equipment totals $2,831,947 for fiscal year 2020, an increase of $1,650,750 from fiscal year 2019. The funding is for replacement of IT software, parts, devices and other miscellaneous equipment needed by the bureaus and offices.			
Total Increase/Decrease	**(4,250)**	**7,250**	**10,149**

[1] See page 21, line TOTAL RRB DIRECT OBLIGATIONS. Difference is computed by subtracting the amount in column C from the amount in column E.

[2] See page 21, line TOTAL RRB DIRECT OBLIGATIONS. Difference is computed by subtracting the amount in column E from the amount in column G.

[3] See page 21, line TOTAL RRB DIRECT OBLIGATIONS. Difference is computed by subtracting the amount in column G from the amount in column I.

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment a/

Series	Rank	FY 2018 actual	FY 2019 b/ Senate Mark	FY 2020 OMB Guidance 5% Reduction	FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Request
Executive	Level III	0	1	1	1	1
	Level IV	2	2	2	2	2
	Subtotal	2	3	3	3	3
Senior Executive Service	ES-00	6	7	7	7	7
	Subtotal	6	7	7	7	7
General Schedule/Management	GS/GM-15	38	36	33	36	38
	GS/GM-14	67	64	59	64	68
	GS/GM-13	101	95	88	95	100
	GS-12	208	195	184	197	211
	GS-11	106	99	92	99	115
	GS-10	134	125	116	136	132
	GS-9	24	22	21	22	45
	GS-8	48	45	42	45	45
	GS-7	26	24	18	24	26
	GS-6	7	6	6	6	7
	GS-5	38	36	33	36	30
	GS-4	12	11	11	11	23
	GS-3	0	0	0	0	0
	GS-2	0	0	0	0	0
	Subtotal	**808**	**758**	**703**	**762**	**840**
Combined	**Total**	**817**	**768**	**713**	**772**	**850**

Positions in the Office of Inspector General are excluded.

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

b/   FTEs reflect estimates in the Senate Mark (H.R. 6457, S. 3158) budget for fiscal year 2019.

RAILROAD RETIREMENT BOARD

Full-Time Equivalent Employees by Organization

Organization	FY 2018 [1]	FY 2019 Senate Mark [2]	FY 2020 OMB Guidance 5% Reduction	FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Request
Chairman	1.00	--	--	--	--
Labor	7.00	--	--	--	--
Management	5.00	--	--	--	--
Subtotal, Board	**13.00**	--	--	--	--
General Counsel/Law	17.00	--	--	--	--
Hearings and Appeals	8.00	--	--	--	--
Legislative Affairs	2.00	--	--	--	--
Secretary to the Board	2.00	--	--	--	--
Subtotal, General Counsel	**29.00**	--	--	--	--
Office of Programs	302.33	--	--	--	--
CFO/Fiscal Operations	50.92	--	--	--	--
Actuary	18.64	--	--	--	--
Office of Administration	60.53	--	--	--	--
Field Service	225.70				
Information Services	116.41				
Total	**816.53**	**768**	**713**	**772**	**850**

1/ Amounts reflect projected use through end of fiscal year as of August 4, 2018. The RRB's fiscal year 2018 budget includes funding for 817 FTEs.

2/ Reflects projected total FTE staffing at the Senate Mark (H.R. 6457, S. 3158) of $113.5 million for agency operations.

RAILROAD RETIREMENT BOARD

Narrative Description of Strategic Goals

The RRB's budget request for ongoing operations is distributed between three areas that match the goals stated in the agency's Strategic Plan for Fiscal Years 2018–2022:

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

Strategic Goal II.   Provide excellent customer service.

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

Amounts requested by the RRB represent the resources needed to achieve the performance goals stated in the RRB's Performance Plan for Fiscal Year 2020. Activities in each area are described in the following sections. The Performance Plan contains additional information concerning performance indicators for each goal.

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

Regarding the RRB's strategic goal of modernizing information technology (IT) operations, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2020 include the following:

     I-A.   Legacy Systems Modernization.

- ➢ Transform Tax and EDM systems from the mainframe to distributed architecture.
- ➢ Deliver online retirement form as citizen centric digital solutions.
- ➢ Transition Mission Essential Programs from the End-of-life Mainframe hardware.
- ➢ Complete the assessment for re-engineering Mission Essential Programs.
- ➢ Complete the migration of agency network and telecommunications services to new services in EIS.

OMB A-11 Reference: Section 51.3 (June, 2018)

II. Provide Excellent Customer Service.

Regarding the RRB's strategic goal of providing excellent customer service, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2020 include the following:

   II-A.   <u>Pay benefits timely</u>.

   ➢ 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.

   II-B.   <u>Provide a range of choices in service delivery methods</u>.

   ➢ 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.

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

Regarding the RRB's strategic goal of safeguarding our customers' trust funds through prudent stewardship, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2020 include the following:

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

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

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

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

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

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

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

RAILROAD RETIREMENT BOARD

Appropriation Request by Strategic Goal

The RRB Performance Budget for Fiscal Year 2020 contains a discussion of the administration of the railroad retirement/survivor and unemployment/sickness insurance benefit programs. The tables on the following pages identify the estimated costs of administering these programs in terms of the following strategic goals:

> I. Modernize Information Technology (IT) Operations
> II. Customer service
> III. Stewardship

These goals are consistent with the RRB's Strategic Plan for Fiscal Years 2018–2022.

Projections for the fiscal year 2020 budget reflect three funding levels, as follows:

➢ The OMB Guidance level 5% Reduction of the budget provides $109,250,000 for fiscal year 2020. This level would fund 713 FTEs to administer the benefit programs and provides no funding for agency or information technology initiatives. To get to the 713 FTE level, the RRB would have to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force.

➢ The Agency Baseline level plus $10M IT provides $126,500,000 [1] for fiscal year 2020. This level would fund 772 FTEs and provide $10,000,000 for agency and information technology initiatives. Most funding would be dedicated for Legacy Systems Modernization Services (LSMS). Again, the RRB would have to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force to get to the 772 FTE level.

➢ The agency request level totals $136,833,000 for fiscal year 2020. This level would fund 850 FTEs to sustain the agency's mission essential functions and provide $10,184,000 for ongoing information technology modernization efforts that directly support the President's Management Agenda.

[1] Amount includes fiscal year 2018 enacted appropriation totaling $123.5 million (pursuant to P.L. 115-141) plus $3 million associated with the anticipated reduction in Vested Dual Benefits from FY 2019 to FY 2020. Actuarial estimates indicate a $3 million decrease in Vested Dual Benefits from $19 to $16 million, based upon OMB's FY 2018 Mid-Session review, using economic assumptions revised December 2017.

OMB A-11 Reference: Section 51.3 (June, 2018)

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

Analysis of Resources
(in thousands of dollars)

Fiscal Year/Level	2018	2019	2020		
			FY 2020 OMB Guidance 5% Reduction	FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Request
Budget authority....................	123,500	123,500	109,250	126,500[1]	136,833
Outlays...................................	123,500	123,500	109,250	126,500	136,833
Full-time equivalent employment........	817	768	713	772	850

Fiscal Year	2021	2022	2023	2024	2025	2026
Budget authority:						
OMB Guidance level........................	109,250	109,250	109,250	109,250	109,250	109,250
OMB Guidance w/5% Investment level.....	126,500	126,500	126,500	126,500	126,500	126,500
Request level..................................	139,270	*	*	*	*	*
Outlays:						
OMB Guidance level........................	109,250	109,250	109,250	109,250	109,250	109,250
OMB Guidance w/5% Investment level.....	126,500	126,500	126,500	126,500	126,500	126,500
Request level..................................	*	*	*	*	*	*

* Amounts for these years are to be determined.

1/ Amount includes fiscal year 2018 enacted appropriation totaling $123.5 million (pursuant to P.L. 115-141) plus $3 million associated with the anticipated reduction in Vested Dual Benefits from FY 2019 to FY 2020. Actuarial estimates indicate a $3 million decrease in Vested Dual Benefits from $19 to $16 million, based upon OMB's FY 2018 Mid-Session review, using economic assumptions revised December 2017.

OMB A-11 Reference: Section 51.3 (June, 2018)

Strategic Goal – Modernization IT Operations
Budget Account - Limitation on Administration (60-8237-0-7-601)

Analysis of Resources
(in thousands of dollars)

Fiscal Year/Level	2018	2019	2020		
			FY 2020 OMB Guidance 5% Reduction	FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Request
Budget authority…………………	0	20,340	11,146	21,897	23,130
Outlays……………………………	0	20,340	11,146	21,897	23,130
Full-time equivalent employment……	0	69	64	69	76

Fiscal Year	2021	2022	2023	2024	2025	2026
Budget authority:						
OMB Guidance level…………………	11,146	11,146	11,146	11,146	11,146	11,146
OMB Guidance w/Investment level (5%)………	21,897	21,897	21,897	21,897	21,897	21,897
Request level………………………	*	*	*	*	*	*
Outlays:						
OMB Guidance level…………………	11,146	11,146	11,146	11,146	11,146	11,146
OMB Guidance w/Investment level (5%)………	21,897	21,897	21,897	21,897	21,897	21,897
Request level………………………	*	*	*	*	*	*

* Amounts for these years are to be determined.

Strategic Goal - **Customer Service**
Budget Account - Limitation on Administration (60-8237-0-7-601)
Analysis of Resources
(in thousands of dollars)

Fiscal Year/Level	2018	2019	2020		
			FY 2020 OMB Guidance 5% Reduction	FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Request
Budget authority.............	96,115	83,239	78,942	84,212	91,590
Outlays..............	96,115	83,239	78,942	84,212	91,590
Full-time equivalent employment.............	620	525	487	528	581

Fiscal Year	2021	2022	2023	2024	2025	2026
Budget authority:						
OMB Guidance level.............	78,942	78,942	78,942	78,942	78,942	78,942
OMB Guidance w/Investment level (5%).............	84,212	84,212	84,212	84,212	84,212	84,212
Request level.............	*	*	*	*	*	*
Outlays:						
OMB Guidance level.............	78,942	78,942	78,942	78,942	78,942	78,942
OMB Guidance w/Investment level (5%).............	84,212	84,212	84,212	84,212	84,212	84,212
Request level.............	*	*	*	*	*	*

* Amounts for these years are to be determined.

Strategic Goal – Stewardship
Budget Account - Limitation on Administration (60-8237-0-7-601)

Analysis of Resources
(in thousands of dollars)

Fiscal Year/Level	2018	2019	2020		
			FY 2020 OMB Guidance 5% Reduction	FY 2020 Agency Baseline Level + $10M IT	FY 2020 Agency Request
Budget authority..............	27,385	19,921	19,162	20,391	22,113
Outlays........................	27,385	19,921	19,162	20,391	22,113
Full-time equivalent employment..............	197	174	162	175	193

Fiscal Year	2021	2022	2023	2024	2025	2026
Budget authority:						
OMB Guidance level...............	19,163	19,163	19,163	19,163	19,163	19,163
OMB Guidance w/Investment level (5%)...............	20,391	20,391	20,391	20,391	20,391	20,391
Request level...............	*	*	*	*	*	*
Outlays:						
OMB Guidance level...............	19,163	19,163	19,163	19,163	19,163	19,163
OMB Guidance w/Investment level (5%)...............	20,391	20,391	20,391	20,391	20,391	20,391
Request level...............	*	*	*	*	*	*

* Amounts for these years are to be determined.

Retirement/Survivor Benefit Program

Summary Processing Workload Table

Fiscal years	Average number of annuitants	New applications	Supplemental annuity applications	Social Security initial awards [1]	Post-payment adjustments	Number of payments	Medicare enrollments [2]
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)	513,700	30,000	6,000	5,000	79,000	6,710,000	7,000
2019 (est)	509,500	28,000	5,000	4,000	78,000	6,650,000	7,000
2020 (est)	504,300	28,000	4,000	4,000	77,000	6,580,000	6,000

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

2/ Excludes attainments.

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

OMB A-11 Reference: Section 51.3 (June, 2018)

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	198,230 [2]	21,466	138,993	118,770
2010	221,000	18,721	210,965	190,152 [3]	21,476	139,653	119,426
2011	229,000	12,756	93,598	83,144 [4]	20,797	136,014	115,705
2012	234,000	12,914	83,120	72,776 [5]	20,240	129,318	110,154
2013	237,000	14,944	96,871	84,365 [6]	19,110	119,364	100,951
2014	242,000	11,982	77,580	64,864 [6]	19,335	120,838	102,020
2015	247,000	14,177	67,643	55,368	19,467	121,271	102,540
2016	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
2020 (est)	214,000	15,000	83,000	69,000	19,000	121,000	103,000

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

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

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

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

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

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

PERFORMANCE PLAN

Fiscal Year 2020

Railroad Retirement Board

TABLE OF CONTENTS

Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2020 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 2020. 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 2020 for each performance goal is provided at the OMB Guidance 5% Reduction Level of $109,250,000, the Agency Baseline Level plus $10M IT $126,500,000[1] and the Agency Request Level of $136,833,000. To provide for ongoing improvement in performance and accountability, we will continue to set programmatic goals which are aggressive, realistic and accurately measured. We will also ensure that planned improvements are transparent and result in meaningful outcomes, and that agency managers are accountable for achieving performance goals.

We will also prepare and submit to the President and the Congress a report on program performance for fiscal year 2020, 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.

---

[1] Amount includes fiscal year 2018 enacted appropriation totaling $123.5 million (pursuant to P.L. 115-141) plus $3 million associated with the anticipated reduction in Vested Dual Benefits from FY 2019 to FY 2020. Actuarial estimates indicate a $3 million decrease in Vested Dual Benefits from $19 to $16 million, based upon OMB's FY 2018 Mid-Session review, using economic assumptions revised December 2017.

OMB A-11 Reference: Section 51.3 (June, 2018)

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 OMB Guidance 5% Reduction level, we would plan to allocate $11,146,000 and 64 full-time equivalent employees (FTE's) to this strategic goal. At the Agency Baseline +$10M IT level we would plan to allocate $21,897,000 and 69 FTE's to this strategic goal. At the Agency Request level, we would plan to allocate $23,130,465 and 76 FTE's 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 non-mainframe Server Operating System. We will:

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

- o 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.
- o 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.

  - o The first task is for Web Content delivery services. These services will host the RRB internet namely www.rrb.gov and dependent beneficiary online services.
  - o 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.
  - o 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.
  - o The fourth task will address to the RRB's non-MPLS WAN. This will include the 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 OMB Guidance 5% Reduction level, we would plan to allocate

$78,942,000 and 487 FTE's to customer service. At the Agency Baseline +$10M IT level we would plan to allocate $84,212,000 and 528 full-time equivalent employees FTE's to customer service. At the Agency Request level, we would plan to allocate $91,589,737 and 76 FTE's to customer service. We have established two performance goals that focus on the specifics of achieving this strategic goal.

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

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

Our Customer Service Plan includes customer service timeliness standards for paying benefits. Through March 31, 2018 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 145,465 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 2018 (through 3/31/2018)**
>
> - Retirement applications: 95.5% (target: 94.0%)
>
> - Survivor applications: 96.4% (target: 94.5%)
>
> - Disability applications/payments: 51.3% (target: 82.1%)
>
> - RUIA applications/claims: 99.9% (target: 98.1%)

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 this year with the completion and implementation of the Suspense and Error Tracking Program (SETS) bringing the total number of available services to 30 in the ERSNet system.

The RRB will continue to pursue enhancements in fiscal year 2019 with the development and implementation of the Form G-117a, Designation of Contact Officials. This will add one more service 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 OMB Guidance 5% Reduction level, we would plan to allocate $19,162,000 and 162 FTE's to stewardship. At the Agency Baseline +$10M IT level we would plan to allocate $20,391,000 and 175 full-time equivalent employees FTE's to stewardship. At the Agency Request level, we would plan to allocate $22,112,798 and 193 FTE's to stewardship.

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

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

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

In November 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 continues to report material weaknesses in the RRB's financial reporting and control environment. The RRB rejects the material weakness and the basis the OIG cited for the disclaimer. 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 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. Based on the most recent information available, for example, in fiscal year 2016, the RRB invested the equivalent of about 29 full-time employees, at a cost of approximately $2.8 million, in program integrity efforts. This resulted in over $10.3 million in recoverables, $1,588,723 in benefits saved, and the referral of 22 cases to the OIG for investigation. This is approximately $4.18 in savings for each $1.00 invested in these activities.

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

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

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

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

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

RRB Plan to Maximize Employee Performance

Like many agencies, the RRB has an aging workforce. Almost 51 percent of our employees have 20 or more years of service and almost 34 percent of the current workforce will be eligible for retirement by fiscal year 2020. 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.

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

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

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

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

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

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

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

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 (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:

Railroad Retirement Board   -   Fiscal Year 2020 Initial Performance Plan

- 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 December 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).

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual 1/ ($123.5m)	2019 Senate Mark 2/ ($123.5m)	2020 OMB Guidance 5% Reduction ($109.25m)	2020 Agency Baseline 3/ Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
STRATEGIC GOAL 1: 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	TAX: 100% EDM: New Strategic direction, see I-A-4	Complete	Complete	Complete	Complete
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	AA-1: 100% AA-3: 80%	AA-1: Complete AA-3: 100%	Complete	Complete	Complete
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	75%	100%	100%	100%
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	100%	Completed	Completed	Completed
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	50%	100%	100%	100%

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual 1/ ($123.5m)	2019 2/ Senate Mark ($115.225m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline 3/ Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
STRATEGIC GOAL II: Provide Excellent Customer Service								
Strategic Objective: Pay benefits timely. Goal Leader for performance goals II-A-1 through II-A-5; II-A-7 and II-A-8: Michael Tyllas, Director of Programs Goal Leader for performance goal II-A-6: Dan Fadden, Director of Field Service Goal Leader for performance goal 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: % $\leq$ 35 days)	95.8%	94.0%	95.0%	95.1%	94.0%	94.0%	94.5%	95.0%
1I-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: % $\leq$ 60 days)	96.5%	96.3%	95.5%	96.5%	94.0%	94.0%	94.5%	95.0%
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: % $\leq$ 60 days)	94.3%	96.0%	96.9%	95.9%	94.0%	94.0%	94.5%	95.0%

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual [1] ($123.5m)	2019 [2] Senate Mark ($123.5m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline [3] Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
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%	95.1%	96.1%	96.1%	94.0%	94.0%	94.5%	95.0%
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)	98.1%	98.0%	97.5%	97.2%	97.0%	97.0%	97.5%	98.0%
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%	98.0%	98.5%	99.0%
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)	31.0%	17.4%	14.7%	10.2%	Due to ongoing process improvements, RRB is re-baselining this metric. [4]	Due to ongoing process improvements, RRB is re-baselining this metric. [4]	Due to ongoing process improvements, RRB is re-baselining this metric. [4]	Due to ongoing process improvements, RRB is re-baselining this metric. [4]

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual [1] ($123.5m)	2019 [2] Senate Mark ($123.5m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline [3] Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
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)	95.8%	92.6%	92.5%	90.2%	94.0%	93.0%	94.0%	95.0%
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)	261	239	217		230	—	—	—
*Strategic Objective: **Provide a range of choices in service delivery methods.** 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	21 services available	21 services available	21 services available	21 services available

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan		2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual [1] ($123.5m)	2019 [2] Senate Mark ($123.5m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline [3] Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
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:	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
	b) Internet Services	27 Internet services available	27 Internet services available	29 Internet services available	29 Internet services available	31 [5] Internet services available	33 Internet services available	33 Internet services available	33 Internet services available

STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources

Strategic Objective: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately.
Goal leader: Shawna R. Weekley, Chief Financial Officer

		2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Senate Mark	2020 OMB	2020 Agency Baseline	2020 Agency Request
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.)		99.58%	90.73%	85.58%	85.39%	85.0%	85.00%	85.00%	85.00%

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan		2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual [1] ($123.5m)	2019 [2] Senate Mark ($123.5m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline [3] Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
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 [6] of at least 99%. (Measure: percent accuracy rate)	a. Initial payments	99.72%	99.69%	98.89%	N/A	99.60%	99.25%	99.50%	99.70%
	b. Sample post recurring payments	99.91%	99.70%	99.94%	N/A	99.60%	99.25%	99.50%	99.70%
III-B-2. Achieve a railroad unemployment/ sickness insurance benefit payment accuracy rate [6] of at least 99%. (Measure: percent accuracy rate)	a. Unemployment	99.23%	99.36%	97.24%	96.67%	97.00%	96.0%	96.5%	97.0%
	b. Sickness	99.40%	99.94%	99.08%	100.00%	97.50%	96.50%	97.50%	98.50%
III-B-3. Overall Initial Disability Determination Accuracy (Measure: % of Case Accuracy)		95.8%	94.4%	N/A	N/A	95.00%	94.5%	95.0%	95.5%

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan	2015 Actual ($111.225m)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual [1] ($123.5m)	2019 [2] Senate Mark ($123.5m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline [3] Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
III-B-4. Maintain the level of Railroad Retirement Act (RRA) improper payments below the OMB threshold. (Measure: Beginning FY14, below 1.5%)	0.58%[7]	0.60%	N/A	N/A	1.00%	1.00%	1.00%	1.00%
III-B-5. Achieve a return of at least $3.60 for each dollar spent on program integrity activities. (Measure recoverable and savings per dollar spent.)	$4.49: $1.00	$4.18: $1.00	N/A	N/A	$3.85: $1.00	$3.85: $1.00	$3.85: $1.00	$3.85: $1.00
Strategic Objective: Ensure effectiveness, efficiency, and security of operations. Goal leader: Ram Murthy, Chief Information Officer								
III-C-1. Complete modernization of RRB processing systems in accordance with long-range planning goals. (Measure: Meet target dates for the project. Yes/No)	Yes. The target date for the RUIA XR modernization and Medicare Database conversion has been met. PREH conversion is delayed due to staff working on higher priority project (the Disability Program Improvement Plan). The new target date is September 30, 2016.	No. The modernization of the Tax Database will now be incorporated in the multiyear Mainframe Applications Reengineering project.	Project complete.					

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan	2015 Actual ($111.225)	2016 Actual ($111.225m)	2017 Actual ($113.5m)	2018 Actual [1] ($123.5m)	2019 [2] Senate Mark ($123.5m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline [3] Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
III-C-2. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost.	New Performance Goal for FY 2016	100%	100%	85%	85%	85%	85%	85%
III-C-3. Deliver – Meet Customer Expectations. WWW.RRB.GOV Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users — a) Continuous availability target	New Performance Goal for FY 2016	New Performance Goal for FY 2016	98.7%	99.2%	99%	99%	99%	99%
b) Hours of outage allowed per month	New Performance Goal for FY 2016	New Performance Goal for FY 2016	9.38 hours	6.52 hours	Hours of outages allowed per month: 7 hours	Hours of outages allowed per month: hours	Hours of outages allowed per month: 7 hours	Hours of outages 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	Implement cloud-based enterprise test lab	Implement cloud-based enterprise test lab	Implement cloud-based enterprise test lab
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%	98.5%	98.5%	98.5%

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Railroad Retirement Board FY 2020 Initial Performance Plan	2015 Actual ($111.225)	2016 Actual ($111.225m)	2017 Actual ($113.5 m)	2018 Actual [1] ($123.5m)	2019 [2] Senate Mark ($123.5m)	2020 OMB Guidance 5% Reduction ($109.250m)	2020 Agency Baseline [3] Level + $10M IT ($126.5m)	2020 Agency Request ($136.833m)
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%	99%	99%	99%
III-C-7. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.	New Performance Goal	New Performance Goal	74%	77%	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%
Strategic objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust. Goal leader: Ana M. Kocur, General Counsel								
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	Yes	Yes

Railroad Retirement Board - Fiscal Year 2020 Initial Performance Plan

Footnotes:

1/ Actual results represents status as of March 31, 2018, unless otherwise noted. N/A indicates fiscal year 2018 data is not available.

2/ Planned amounts reflect the fiscal year 2019 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released February 12, 2018.

3/ Amount includes fiscal year 2018 enacted appropriation totaling $123.5 million (pursuant to P.L. 115-141) plus $3 million associated with the anticipated reduction in Vested Dual Benefits from FY 2019 to FY 2020.   Actuarial estimates indicate a $3 million decrease in Vested Dual Benefits from $19 to $16 million, based upon OMB's FY 2018 Mid-Session review, using economic assumptions revised December 2017.

4/ 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 revised business processes, DBD is determining a more appropriate goal.

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

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

7/ The actual IP rate for 2015 was adjusted to accurately show that fiscal year data reviewed matches the fiscal year data reported.

INFORMATION TECHNOLOGY RESOURCES STATEMENTS

Message from the Chief Information Officer (CIO):

1. The CIO collaborated with all component CIOs, the Executive Committee and the Chief Financial Officer on the IT Budget Submissions, and confirmed that this budget submission includes appropriate estimates of all IT resources.

2. The CIO developed, reviewed, and had significant input in approving the IT investments included in this budget submission. The CIO has reviewed and approved all IT investments from each of the Railroad Retirement Board Bureaus or Divisions.

Digitally signed
by RAM MURTHY
Date: 2018.09.13
12:28:03 -05'00'

Ram Murthy
Chief Information Officer

Message from the Chief Information Officer (CIO) and the Chief Financial Officer (CFO):

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

SHAWNA WEEKLEY
Digitally signed by SHAWNA WEEKLEY
DN: c=US, o=U.S. Government, ou=Railroad Retirement Board, cn=SHAWNA WEEKLEY, 0.9.2342.19200300.100.1.1=60 001000028809
Date: 2018.09.13 14:07:26 -05'00'

Shawna Weekley
Chief Financial Officer

Digitally signed
by RAM MURTHY
Date: 2018.09.13
12:28:33 -05'00'

Ram Murthy
Chief Information Officer

OMB A-11 Reference: Section 51.3 (a) thru (c) (June, 2018)

ANALYSIS OF RESOURCES FOR INFORMATION TECHNOLOGY

IT TABLE

TAFS/Account Code 8237	# FTE 2018	2018	# FTE 2019	2019	# FTE 2020	2020
Personnel	113	$16,919,000	106	$15,933,747	113	$19,748,440
Other		5,639,000		10,895,200		8,918,339
Total	113	$22,558,000	106	$26,828,947	113	$28,666,779

TAFS/Account Code 8237IT*	# FTE 2018	2018	# FTE 2019	2019	# FTE 2020	2020
Personnel	4	$ 500,000	4	$ 500,000	4	$ 500,000
Other		9,500,000		9,500,000		12,121,000
Total	4	$10,000,000	4	$10,000,000	4	$12,621,000

TOTAL IT RESOURCES

ALL FUNDS

TAFS/Account Codes 8237/8237IT	# FTE 2018	2018	# FTE 2019	2019	# FTE 2020	2020
Personnel	117	$17,419,000	110	$16,433,747	117	$20,248,440
Other		15,139,000		20,395,200		21,039,339
Total	117	$32,558,000	110	$36,828,947	117	$41,287,779

*This is a no-year account.

Note: Amounts reflected in the IT Table represent allocations and expenditures for the Bureau of Information Services only.

ANALYSIS OF RESOURCES FOR INFORMATION TECHNOLOGY

PRIORITIZED INVESTMENTS (BY PROJECT) -- FY 2019 THROUGH FY 2022

Information Technology Investments	$10M No Year [a]	FY 2019 [b] Additional	FY 2020 [c]	FY 2021	FY 2022	TOTAL [d]
Mainframe Applications Re-platform	3,000,000	0	0	0	0	**$3,000,000**
Legacy Systems Modernization Services	4,988,000	5,202,650	9,099,150	5,730,000	3,510,441	**$28,530,241**
Enterprise Infrastructure Solutions (EIS)	1,650,000	1,000,000	200,000	0	0	**$2,850,000**
Citizen Services, Paperless Processing	0	2,200,000	600,000	600,000	600,000	**$4,000,000**
Cybersecurity and Privacy [e]	362,000	710,000	285,000	100,000	100,000	**$1,557,000**
Financial Management Integrated System Upgrade	0	1,250,000	0	0	0	**$1,250,000**
Records Management System	0	1,315,000	0	0	0	**$1,315,000**
TOTAL	**$10,000,000**	**$11,677,650**	**$10,184,150**	**$6,430,000**	**$4,210,441**	**$42,502,241**

a/ Amounts reflect funding as provided in the Public Law 115-141, Consolidated Appropriations Act, 2018. Amounts represent planned expenditures and not actual costs incurred.

b/ Amounts reflect additional funding needed above the FY 2019 OMB Guidance Level of $4 million from the agency's funding ($1.6 million for Legacy Systems Modernization Services and $2.4 million for Enterprise Infrastructure Solutions (EIS)).

c/ Amounts reflect funding at the agency request level.

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

e/ Amounts directly support the LSMS project; the LSMS combined cost planned for the $10m no year funding is $5,350,000.

FY 2020 BUDGET REQUEST:

INFORMATION TECHNOLOGY (IT) MODERNIZATION INITIATIVES

FY 2020 PRIORITY #1 – Legacy Systems Modernization Services (LSMS)

Agency Request Level	OMB Guidance with 5% Reduction
$9,099,150	$0

Currently, RRB's mission essential programs are straining under the burden of operating on legacy computer systems built 40 years ago. Upon receipt of sufficient budgetary resources, through our Legacy Systems Modernization Services (LSMS) initiatives we plan to transform RRB's legacy systems and build modern digital services while safeguarding information anywhere, anytime, in all ways throughout the information life cycle. The estimate of $9,099,150 is requested for FY 2020 and assumes that additional funding for this project is received in FY2019. The estimated $9,099,150 if provided, will allow the RRB to continue implementing the results from the business process and system-reengineering assessment delivered in via a third-party professional service contract. We anticipate that the contractor's resulting blueprint report will outline the effort and resources needed to re-engineer critical legacy mainframe applications to sustain agency operations, improve customer services, and enable a "future ready" cloud-based RRB workforce; therefore, it is highly likely that this budget estimate will change. Using an incremental and iterative approach, we will transform high-risk enterprise systems with a digital first perspective. Following a phased implementation, RRB staff will be equipped with modern tools and technologies to do their jobs in the most efficient and effective manner leading to sustained customer satisfaction in the railroad community we serve.

Enhancing Mission Effectiveness: Delivering Next Generation Systems

In FY 2020, this phase of IT Modernization involves the execution of the blueprint delivered as part of the external re-engineering assessment. RRB will outsource non-core services and re-engineer the agency's core benefit processing and payment systems, as RRB core digital services. Closely tied to these core services are dependent services that RRB hosts in its data center and include an Imaging System, Records Management, Audit/Compliance and Predictive Analytics.

All other remaining services from the blueprint are hosted in the cloud such as:

- Case Management – an end-to-end case workflow configured to process retirement, survivor, disability, unemployment and sickness claims;
- Customer Management – an end-to-end customer relationship lifecycle, powered by data and intelligence, to better understand our railroad citizen centric needs and to engage our customers more effectively;
- Desktops and DevOps – an elastic cloud service that provides the right capacity on demand to build enterprise applications, as well as for our staff to have the up-to-date computing device to get their job done;
- Website Portal and RRB.Gov – a fully scalable public-facing website to promote information sharing and collaboration;
- Continuous Monitoring – in partnership with DHS, the RRB leverages the Continuous Monitoring as a Service (CMaaS), which is an extension of our current Security Operations Center (SOC), to protect the security of our IT data; and
- Rail Employer Apps – a powerful portal hosted in conjunction with our website, which meets the demand of the railroad employer and labor union needs, as well as engages the railroad annuitants.

FY 2020 BUDGET REQUEST:

INFORMATION TECHNOLOGY (IT) MODERNIZATION INITIATIVES

FY2020 PRIORITY #2 – Enterprise Infrastructure Solutions (EIS)

Agency Request Level	OMB Guidance with 5% Reduction
$200,000	$0

The requested $200,000 will allow the agency to complete transition to EIS, in accordance with the deadline established by the General Services Administration (GSA) of March 2020. RRB will begin the EIS transition using $1,650,000 of the $10m no year IT money provided in FY 2018. Assuming that additional funding of $1,000,000 is provided in FY 2019, the majority of work effort for the EIS transition will occur in FY 2019. The EIS will give RRB the opportunity to consolidate network services, as well as to redesign and modernize our network infrastructure. The EIS contract provides flexible platform to support agency migrations to modern telecommunications and IT service offerings including Unified Voice communications, data communications, Hosted services, wireless, cloud service, and managed service.

FY2020 PRIORITY #3 –Citizen Services, Paperless Processing

Agency Request Level	OMB Guidance with 5% Reduction
$600,000	$0

The RRB's Paperless Processing initiative proposes to establish an electronic imaging 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.

With paperless processing, self-service public-facing applications will accept electronic documents and digital signatures, making our benefits-paying environment more efficient. We will also deploy interactive paperless statements online to cut down on postage and mailings, and to provide the right information to the customer in a secure communication.

FY 2020 BUDGET REQUEST:

INFORMATION TECHNOLOGY (IT) MODERNIZATION INITIATIVES

FY2020 PRIORITY #4 - Cybersecurity and Privacy

Agency Request Level	OMB Guidance with 5% Reduction
$285,000	$0

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 Management Agenda and the 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. We implement robust controls to prevent attacks and as well as continuously monitor our network and systems for any abnormal behavior. We will manage our risk in the critical infrastructure, whether it is in asset management, remote access, identity management, and network protection.

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.

PROGRESS UPDATE:

INFORMATION TECHNOLOGY (IT) MODERNIZATION INITIATIVES

For fiscal year 2018, Public Law 115-141, Consolidated Appropriations Act, 2018 provided $10 million, which the RRB designated for mission critical information technology (IT) investments. As a result, the RRB accelerated key initiatives from the fiscal year 2019 budget submission. We track the $10M separate from normal agency operating funds in our financial management system in order to properly account for and track the $10M. The $10M has been allocated to the top 3 priority projects as follows:

Priority	Critical Projects	From $10m No Year
1	Mainframe Applications Replatform	3,000,000
2	Legacy Systems Modernization Services (LSMS)	5,350,000
3	Enterprise Infrastructure Solutions (EIS)	1,650,000
	Total	$10,000,000

- Mainframe Application Re-Platform: Utilize a contractor to transition our mainframe systems to a Server based system using re-platform technology, thereby eliminating the risk of aging mainframe hardware, and the loss of institutional knowledge to support the mainframe systems.
- Legacy Systems Modernization Services: Estimated costs support (1) procurement of assessment services to identify how RRB should best re-engineer our existing antiquated systems and related core benefit calculation and payment processing business processes, and (2) implementation of the re-engineering effort, which will include transitioning non-core services to a shared services environment.
- Enterprise Infrastructure Solutions: Estimated costs support transitioning our telecommunication services to the new GSA/EIS, due to GSA termination of its Networx contract. RRB will be able to leverage the Federal buying power of this government-wide vehicle and avoid the anticipated higher commercial costs.

Active IT Modernization Procurements:

- A Request for Proposal (RFP) was published on September 7, 2018 responses due September 17, 2018 to obtain an external program manager under a support service contract structure to assist in the day-to-day management of all three projects.

- A RFP for the Mainframe Applications Re-platform (Legacy Systems Re-platform Services – LSRS) was issued on March 30, 2018. Initially, we anticipated a contract award by May 31 based on this RFP. However, we received very few responsive proposals and our review indicated that the contract requirements were too constrained. As a result, in mid-July, the RRB cancelled the RFP, revised the requirements, and posted a new version on August 6, 2018. This RFP was extended to September 18, 2018.

- The RFP for the business process re-engineering assessment that provides a roadmap and a path forward in alignment with the agency strategic direction was published on August 1, 2018. This RFP closed on September 12, 2018 and we are evaluating proposals. Under this contract, the

contractor will conduct a business process re-engineering of RRB's mission essential services, and deliver a roadmap and blueprint leveraging cloud-based services.

The "blueprint" deliverable from this procurement will also include the transition from batch oriented processing to interactive transactional processing. With this blueprint, RRB can begin to build the next set of systems for mission essential services, including:

- o shared services in terms of Imaging, Records Management, Prescriptive Analytics, and Audit/Compliance, along with the Private Cloud for storage and resource heavy workloads; and
- o leverage cloud-based services for Case Management, Customer Management, Desktop-as-a-Service, DevOps, Continuous Monitoring, Website portal, and Railroad Community Self-service solutions.

- We have published the first task order for EIS, namely the Web Content delivery services on May 25, 2018. The responses to the task order are in review and we anticipate awarding the task order by September 28, 2018. RRB's contract issuance is contingent upon GSA issuing Authorization(s) to Operate (ATO) to the EIS vendors.

PROGRESS UPDATE:

INFORMATION TECHNOLOGY (IT) MODERNIZATION INITIATIVES

FY 2018 ACCOMPLISHMENTS BY PROJECT (WITH COST):

The following is a high-level overview of general IT related accomplishments in FY 2018. These accomplishments are not solely specific to the ongoing major IT modernization effort that was jump-started in FY 2018 with the enacted $10m IT modernization funding provided in FY 2018:

Project	Funds Committed	Status
Legacy Systems Replatform Services (LSRS)	$2,500,000 **Funding Source**: IT Modernization $10M	• The original RFP published on March 30th did not yield responsive proposals and therefore was cancelled. A revised RFP was released on August 6th. • A real-time Q/A session was conducted on August 13th. There was a favorable response from several participants in the vendor community with good feedback. • Proposal responses are due on September 18th.
Legacy Systems Modernization Services (LSMS)	$1,049,708 **Funding Source**: IT Modernization $10M	• RFP for the business process re-engineering and assessment services was published on August 1st. • A real time Q/A session was conducted on August 8th. Proposal responses were due on September 12th. • Work continues on the following datacenter upgrades: ▪ Upgraded Software Deployment and Configuration Management System (SCCM/SCOM/SCM) to current version ▪ Published Task Order for Windows 10 migration ▪ Implemented new system to properly dispose hardware with PII ▪ Configured additional licenses for Backup and Recovery Manager ▪ Published SOW for implementing Archival System for Instant Messages ▪ Procured licenses to setup an Enterprise Test Lab in Microsoft Azure Cloud • Work continues on the following cybersecurity monitoring enhancements: ▪ Procured CyberArk software for better management of privileged accounts in our network ▪ Finalized the specifications for database firewalls (DbFW) that supplement the current web application and network firewalls ▪ Configured additional licenses for network monitoring (Forescout)

PROGRESS UPDATE:

INFORMATION TECHNOLOGY (IT) MODERNIZATION INITIATIVES

Project	Funds Committed	Status
Legacy Systems Modernization Services (LSMS)	$2,876,894 **Funding Source**: Agency Base LOA	• Transformed the legacy Tax System and related applications (1.85 million lines of code) to a non-mainframe environment. • The transformation was accomplished using automated conversion tools to preserve business rules and code logic. • Implemented the Enterprise Task Manager, also known as Control/M for all heterogeneous job executions. • Installed hardware and software to support the new development, test and production environment.
Enterprise Infrastructure Solutions (EIS)	$250,000 **Funding Source**: IT Modernization $10M	• Task Order for Content Delivery Services has been published on GSA portal on May 25th. • Proposals are being evaluated for a task award. • RRB staff received proposals on July 31st and are evaluating the proposals for a best value selection and award of a task order with a target date of 9/28/2018. The RRB award of the task order is contingent upon GSA issuing Authorization(s) to Operate to the EIS vendors.
Citizen Services – Online AA1/ AA3 application	$551,412 **Funding Source**: Agency Base LOA	• Implemented the self-service beneficiary online application (AA1) for the annuitant to file for retirement benefits. This service will be launched in September 2018 for a limited number of users to collect initial feedback prior to a nationwide rollout for all users. • We plan to launch the online service (AA3) in FY 2019 for the spouse and survivor applications.
SPEED 7.0 R1 – (System Processing Excess Earnings Data)	$741,932 **Funding Source**: Agency Base LOA	• Completed the release of first priority features to automate the process of applying permanent work deductions for retirees.
Medicare Modernization	$1,257,656 **Funding Source**: Reimbursable Obligations	• Converted RRB Medicare applications to use a relational database instead of flat files. • Implemented a web application to give the Medicare examiners the ability to pay Medicare overpayments to the annuitants enrolled in Medicare or to their survivors. • Upgraded all Medicare applications to use the new Medicare Beneficiary Identifier (MBI).

OVERALL COST PROJECTION:

INFORMATION TECHNOLOGY (IT) MODERNIZATION INITIATIVES

The Presidents Management Agenda lays out the long-term vision for modernizing the federal government. The goal of our roadmap is to modernize IT legacy systems to meet railroad community expectations, and to protect the sensitive information they trust us to maintain. The Costs Table below highlights the estimated costs for the total implementation of the roadmap (7 major initiatives) for IT Modernization. With the anticipated funding in future years, this roadmap will be implemented for sustainable operations in the years to follow. We thereby deliver better citizen centric services, provide excellent customer service, effectively steward taxpayer dollars, and safeguard trust fund assets.

Costs Table

Priority	Critical Projects	FY 2018 $10M No Year Funding	FY 2019 No Year Funding	FY 2019 Add'l Request	FY 2020 $$$	FY 2021 $$$	FY 2022 $$$	Total $$$
1	Mainframe Applications Replatform	$3,000,000						$3,000,000
2	Legacy Systems Modernization Services (LSMS)	$1,616,900	$3,371,100	$5,202,650	$9,099,150	$5,730,000	$3,510,441	$28,530,241
3	Enterprise Infrastructure Solutions (EIS)	$250,000	$1,400,000	$1,000,000	$200,000			$2,850,000
4	Citizen Services, Paperless Processing			$2,200,000	$600,000	$600,000	$600,000	$4,000,000
5	CyberSecurity	$362,000		$710,000	$285,000	$100,000	$100,000	$1,557,000
6	FMIS upgrade			$1,250,000				$1,250,000
7	Records Management System			$1,315,000				$1,315,000
	Sub-Total	$5,228,900	$4,771,100	$11,677,650	$10,184,150	$6,430,000	$4,210,441	$42,502,241
		$10,000,000					$32,502,241	

THIS PAGE IS INTENTIONALLY LEFT BLANK

RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2020

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

   The Railroad Retirement Board (RRB) is not permitted to use the excepted service hiring authorities established by the Office of Personnel Management (OPM) for student and recent graduate hiring due to language in the Railroad Retirement Act's establishing legislation. If the language proposed below is included in the Appropriations Bill, it would allow the RRB to use current OPM student and recent graduate hiring authorities to support succession planning efforts.

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

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

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

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

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

RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2020

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

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

The Fiscal Year (FY) 2017 Budget Submission and FY 2018 Congressional Justification included a package of proposals to allow additional programs and agencies authority to access the National Directory of New Hire Data, a federal database of employment and unemployment insurance information administered by the Office of Child Support Enforcement within the Department of Health and Human Services (HHS). Access to this data is tightly controlled by statute, and HHS implements strong privacy, confidentiality, and security protections to protect the data from unauthorized use or disclosure. Currently several programs are successfully using this data for program integrity, implementation, and research purposes, and the use of that data has led to important insights and program integrity gains. The FY 2017 Budget submission and FY 2018 Congressional Justification proposed to build on this strong history of data stewardship and protection to allow additional programs and agencies to access this valuable data to learn what works and improve program implementation, while continuing to protect the privacy, security and confidentiality of that data. Included in this package was - the Railroad Retirement Board (RRB).

The Railroad Retirement Board pays benefits under both the Railroad Retirement and Railroad Unemployment Insurance Acts that are based in part on a claimant's earnings. The RRB currently conducts wage matches with all 50 States to detect improper payments. The FY 2017 Budget submission and FY 2018 Congressional Justification proposed, and now the FY 2020 Budget submission proposes access to NDNH for RRB in order to conduct wage matches, establish eligibility for disability benefits in a more efficient manner, and detect potential improper payment of benefits under the Railroad Retirement and Railroad Unemployment Insurance Acts.

RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2020

5.   **Amend the Privacy Act of 1974 to extend the effective period of computer matching agreements.**

Current Law: The Computer Matching and Privacy Protection Act of 1988 (CMPPA) amended the Privacy Act of 1974 (5 USC § 552a) to prescribe safeguards for federal agencies' use of computer matching, and added certain protections for individuals applying for and receiving Federal benefits. Among the provisions of the CMPPA are requirements for agencies entering into certain data matching arrangements—computer matching agreements (CMAs)—to establish agreements that outline various aspects of the match (e.g., data elements, match purpose, data security). Pursuant to current law, such agreements are effective for a period of 18 months, although they may be extended for a period not to exceed 12 months in certain cases.

Proposal: This proposal would amend the Privacy Act to extend the effective period of CMAs from 18 months to 5 years. The proposal would also extend the allowable extension period from one year to two years.

Rationale: Data matching has become an increasingly important tool in Federal government-wide efforts to deter fraud and eliminate improper payments in Federal benefit programs. CMAs are required for computer matches in order to protect the privacy of individuals about whom agencies share information, and to ensure the security of such information. As agencies continue to increase the use of data matching in Federal programs, the resources required to establish, review, and execute these agreements will increase. The process is resource intensive and the requirement to renew agreements every 18 months creates an excessive administrative burden, in that it essentially requires agencies to begin work on renewal agreements shortly after completing the most recent renewal.

In some cases, the current renewal process may also discourage agencies from exchanging data. For example, a 2013 Government Accountability Office (GAO) report, "Computer Matching Act: OMB and Selected Agencies Need to Ensure Consistent Implementation," found that short effective periods for CMAs may discourage implementation of CMAs at some federal agencies. Extending the effective period of CMAs would free up valuable Federal resources and encourage agencies to consider data sharing, when appropriate, throughout the Federal government.

THIS PAGE IS INTENTIONALLY LEFT BLANK

RAILROAD RETIREMENT BOARD

Relationship of Programs to Account Structure

(in thousands of dollars)

	2020 Estimates	
	Budget Authority	Outlays
60-0111-0-1-601		
Dual Benefits Payments Account..	16,000	16,000
60-0113-0-1-601		
Federal Payments to the Railroad Retirement Accounts....................	1,713,395	1,713,395
60-8010-0-7-601		
Social Security Equivalent Benefit Account......................................	7,845,000	7,827,000
60-8011-0-7-601		
Railroad Retirement Account..	5,563,000	5,554,000
60-8118-0-7-601		
National Railroad Retirement Investment Trust...............................	1,819,000	1,819,000
60-8237-0-7-601		
Limitation on Administration		
OMB Guidance 5% Reduction level…………….……….………	109,250	109,250
Agency Baseline level + $10M IT 1/…………...………….……..	126,500	126,500
Agency Request level……..……………….…….…………...	136,833	136,833

	2020 Estimates	
Summary	Budget Authority	Outlays
Federal funds 2/..	1,729,395	1,729,395
Trust funds 3/..	15,227,000	15,200,000
Deductions for offsetting receipts:		
Intrafund transactions (OASDI transfer) 4/..	(4,374,700)	(4,374,700)
Intrafund transactions (NRRIT transfers) 4/…………………….…....	(1,819,000)	(1,819,000)
Proprietary receipts from the public 5/…………...………………..	(429,000)	(429,000)
Interfund transactions 6/……………………………………………………	(1,713,395)	(1,713,395)
TOTAL	8,620,300	8,593,300

1/ Amount includes fiscal year 2018 enacted appropriation totaling $123.5 million (pursuant to P.L. 115-141) plus $3 million
with the anticipated reduction in Vested Dual Benefits from FY 2019 to FY 2020. Actuarial estimates indicate a $3 million
decrease in Vested Dual Benefits from $19 to $16 million, based upon OMB's FY 2018 Mid-Session review, using economic
assumptions revised December 2017.

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

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

4/ Represents the estimated advances RRB plans to borrow from Treasury in anticipation of the annual financial interchange transfer
from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds of
$4,374,700 and a transfer of $1,819,000,000 from the NRRIT to the Railroad Retirement Account.

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

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

A-11 Reference - Section 51.4 (June 2018)