
RAILROAD RETIREMENT BOARD

JUSTIFICATION OF BUDGET ESTIMATES



FISCAL YEAR 2020



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

BOARD MEMBERS:

ERHARD R. CHORLÉ, CHAIRMAN
JOHN BRAGG, LABOR MEMBER
THOMAS R. JAYNE, MANAGEMENT MEMBER

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Madam Speaker:

In compliance with the Office of Management and Budget (OMB) Circular No. A-11, enclosed is our Congressional Justification of Budget Estimates for Fiscal Year 2020, which includes our Performance Plan for the year. This budget complies with OMB guidance and is in accordance with the President's proposals. The President's proposed budget provides for \$116,225,000 for the Railroad Retirement Board's (RRB) administrative expenses in fiscal year 2020. We estimate that the proposed funding will provide for a staffing level of 744 full-time equivalent staff years (FTEs) and also provide Information Technology (IT) investments of \$2,725,000 of which \$285,000 is designated for cybersecurity, \$250,000 to upgrade our core financial management system, \$500,000 for Records Management System and \$1,690,000 toward furthering efforts to modernize our legacy benefit systems.

The RRB recognizes the ongoing need and responsibility to manage our human capital resources effectively through focused workforce planning and talent management efforts combined with identifying IT improvements and initiatives to better support a leaner agency, while achieving the agency's mission. As such, the agency's request level reflects the direct funding of \$137,216,000 to provide for 850 FTEs. Budget projections show that at the President's proposed budget level of \$116,225,000, the agency would need to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force to reach 744 FTEs, which is 106 FTEs less than what is needed to sustain the agency's mission essential functions.

The agency's request level of \$137,216,000 reflects the current estimate of \$11,861,800 in no-year funding for our ongoing IT Modernization Program. The President's proposed budget provides \$2,725,000 funding for IT Modernization Program; however, at this level the agency would be unable to fund a significant number of mission critical IT investments already in progress. The IT investments initiatives that would remain unfunded include: components of the Legacy Systems Modernization Services, Enterprise Infrastructure Solutions, Citizen Services/Paperless Processing, and Records Management System. The continued funding for RRB's ongoing IT Modernization Program is critical to implementing the President's Management Agenda. RRB's IT Modernization Program includes reengineering 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 addition to the requests for administrative expenses, the President's budget includes \$16,000,000 to fund the continuing phase-out costs for vested dual benefits. An additional amount, not to exceed 2 percent, would also become available if projected dual benefit payments for the year exceed the amount available for payments.

Also, presented in the budget is a request for \$150,000 for interest related to uncashed railroad retirement checks. The \$150,000 is being requested for a 2-year period, and would be available through September 30, 2021. All of the amounts presented in this letter exclude funding for the RRB's Office of Inspector General, which submits separate budget and performance information.

The President's Budget includes four legislative proposals. The first would amend the Railroad Retirement Act to allow the RRB to utilize various hiring authorities available to other Federal agencies. The second would amend the Railroad Retirement Act to allow the RRB 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 RRB to the National Directory of New Hires and waive the customary fee for the RRB.

Thank you for your support of this proposed budget.

Sincerely,

Original signed
Erhard R. Chorlé
Chairman
March 18, 2019

Original signed
John Bragg
Labor Member
March 18, 2019

Original signed
Thomas R. Jayne
Management Member
March 18, 2019

Enclosure

cc: The Honorable, Russell Vought, Acting Director
Office of Management and Budget



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

BOARD MEMBERS:

ERHARD R. CHORLÉ, CHAIRMAN
JOHN BRAGG, LABOR MEMBER
THOMAS R. JAYNE, MANAGEMENT MEMBER

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

Dear Mr. President:

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Thank you for your support of this proposed budget.

Sincerely,

Original signed
Erhard R. Chorlé
Chairman
March 18, 2019

Original signed
John Bragg
Labor Member
March 18, 2019

Original signed
Thomas R. Jayne
Management Member
March 18, 2019

Enclosure

cc: The Honorable, Russell Vought, Acting Director
Office of Management and Budget

JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 2020

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RAILROAD RETIREMENT BOARD

SUMMARY OF APPROPRIATION ESTIMATES
FOR FISCAL YEARS 2019 and 2020

Account	Fiscal Year 2019		Fiscal Year 2020		Page
	FTEs	Amount	FTEs	Amount	
Limitation on Administration	798	\$123,500,000 <u>a/</u>	744	\$116,225,000 <u>b/</u>	9
Dual Benefits Payments Account	—	\$19,000,000 <u>a/</u>	—	\$16,000,000 <u>c/</u>	49
Federal Payments to the Railroad Retirement Accounts	—	\$150,000 <u>a/</u>	—	\$150,000 <u>d/</u>	57
Limitation on the Office of Inspector General	54	\$11,000,000 <u>a/</u>	54	\$11,000,000 <u>e/</u>	—

a/ A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P. L. 115-245) and includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization.

b/ This amount reflects the President’s proposed budget amount. The Agency’s Limitation on Administration request level for Fiscal Year 2020 is \$137,216,000, which would support 850 FTE and includes \$11,861,800 for Information Technology Modernization. The Agency’s request level amount has been revised from \$136,833,000 as reported in the RRB’s Fiscal Year 2020 Budget Submission primarily due to updated cost estimates for certain Information Technology Modernization projects.

c/ The proposed appropriation language provides for \$16,000,000 to fund vested dual benefits from general revenues of which \$1,000,000 is expected from income taxes on vested dual benefits. An additional 2 percent reserve will become available only if the product of recipients and the average benefit received exceeds the amount available to pay vested dual benefits.

d/ This amount reflects our latest estimate for interest related to uncashed railroad retirement checks and will remain available through September 30, 2021.

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

AGENCY OVERVIEW

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement/survivor and unemployment/sickness insurance benefit programs for the nation's railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage. It also assists in the administration of the Internal Revenue Code.

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

During fiscal year 2018, the RRB paid \$13.1 billion, net of recoveries and offsetting collections, in retirement and survivor benefits to about 540,000 beneficiaries. This included benefits paid on behalf of the Social Security Administration amounting to \$1.8 billion to about 124,000 beneficiaries. The RRB also paid unemployment-sickness benefits of \$100.2 million, net of recoveries and offsetting collections. About 9,000 railroad workers received unemployment insurance benefits, and approximately 16,000 received sickness insurance benefits.

Programs Administered by the RRB

Railroad Retirement Act

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

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

The RRB also administers certain vested dual benefits financed by annual appropriations from general funds. As of September 30, 2018, about 10,000 beneficiaries received vested dual benefits.

Railroad Unemployment Insurance Act

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

Financing of Railroad Retirement Benefits

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by covered employers and their employees. By law, railroad retirement taxes are coordinated with social security taxes. Employees and employers pay tier I taxes at the same rate as social security taxes. In addition, both employees and employers pay tier II taxes, which are used to finance railroad retirement benefit payments over and above social security benefit levels.

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

social security trust funds. The financial interchange places the social security trust funds in the same position they would be in if railroad service were covered by the Social Security program instead of the Railroad Retirement program. In effect, through the financial interchange, the portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system, thereby extending social security protection to railroad workers. The Social Security Equivalent Benefit Account is charged with railroad retirement benefit payments equivalent to social security benefits, and credited with taxes and transfers associated with those benefits.

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

Amounts needed to administer these programs are authorized by the Congress in annual appropriation acts. In addition, the Centers for Medicare and Medicaid Services and others reimburse the RRB for certain activities. Beginning in fiscal year 2013, a contractor provides Specialty Medicare Administrative Contractor (SMAC) Services to the RRB and Railroad Medicare beneficiaries and their medical services providers, nationwide, for Part B Medical Services. In fiscal year 2020, it is estimated that the RRB will be reimbursed about \$30.4 million for such costs. The estimate includes \$18.1 million for SMAC.

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

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

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

The RRB transferred \$1.502 billion, \$19.188 billion, and \$586 million to the Trust in fiscal years 2002, 2003, and 2004, respectively. The Trust has invested the transferred funds and the results of these investments are reported to the RRB and posted periodically on the RRB's website. The net asset value of Trust-managed assets on September 30, 2018, was approximately \$26.6 billion. From its inception through September 30, 2018, the Trust transferred approximately \$22.9 billion to the RRB to pay railroad benefits, including approximately \$1.8 billion in fiscal year 2018.

Payroll taxes. Under the RRSIA, tier II taxes on both employers and employees are based on the ratio of certain asset balances to the sum of benefits and administrative expenses (the average account benefits ratio). Depending on the average account benefits ratio, tier II taxes for employers can range between 8.2 percent and 22.1 percent, while the tier II tax rate for employees can be between 0 percent and 4.9 percent. The calendar year 2019 tier II tax rates are 13.1 percent and 4.9 percent for rail employers and employees, respectively. The maximum amount of earnings subject to tier II taxes is \$98,700 in 2019.

The RRSIA does not affect tier I social security equivalent tax rates, which are the same as for social security covered employers and employees. The tier I payroll tax rate for the year 2019 on covered rail employees and employers is 7.65 percent for employees.

For withholding and reporting purposes, the employer tax rate is divided into 6.2 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.2 percent rate is \$132,900 in 2019, but there is no maximum on earnings subject to the Medicare tax rate.

Supplemental annuities. The RRSIA also repealed the railroad retirement supplemental annuity tax paid by covered employers, and eliminated the separate Railroad Retirement Supplemental Account. While supplemental railroad retirement annuities provided by the Railroad Retirement Act continue to be due and payable, they are now funded from the Railroad Retirement Account.

Financing of Unemployment and Sickness Insurance Benefits

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

For calendar year 2019, the minimum employer contribution rate is 2.15 percent. New employers in 2019 will pay a tax of 2.75 percent, which represents the average rate paid by all employers in the period 2015 – 2017. For 81 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2019, while 7 percent of employers will pay the maximum of 12 percent.

The 2019 rate is applied to the first \$1,605 earned monthly by each employee. In accordance with Public Law 100-647, the wage base is indexed each year to approximately two-thirds of the cumulative growth in average national wages since 1984. An employer's overall rate under the system cannot exceed 12 percent, or 12.5 percent if the maximum surcharge described below is in effect. These rates include a component to cover costs shared by all employers and 0.65 percent of the employers' taxable payroll is permanently appropriated to the RRB for administrative expenses. In addition, a surcharge is added to employers' unemployment contributions for any calendar year when the balance in the Railroad Unemployment Insurance Account on the previous June 30 is less than a certain amount. Depending on the account balance, the surcharge rate may be 1.5, 2.5, or 3.5 percent of the wage base.

Description of Appropriation Requests

Limitation on Administration

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

Dual Benefits Payments Account

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

Federal Payments to the Railroad Retirement Accounts

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

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

Limitation on the Office of the Inspector General

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

The Board Members

Incumbent's name/ <u>(Title)</u>	Term expiration <u>Date</u>	<u>Compensation</u>
Erhard R. Chorlé (Chairman)	08-28-22	\$174,500
John Bragg (Labor Member)	08-28-24	\$164,200
Thomas R. Jayne (Management Member)	08-28-23	\$164,200

U.S. RAILROAD RETIREMENT BOARD



CHIEF ACTUARY *
 BUREAU OF
 THE ACTUARY AND
 RESEARCH
 Frank J. Buzzi

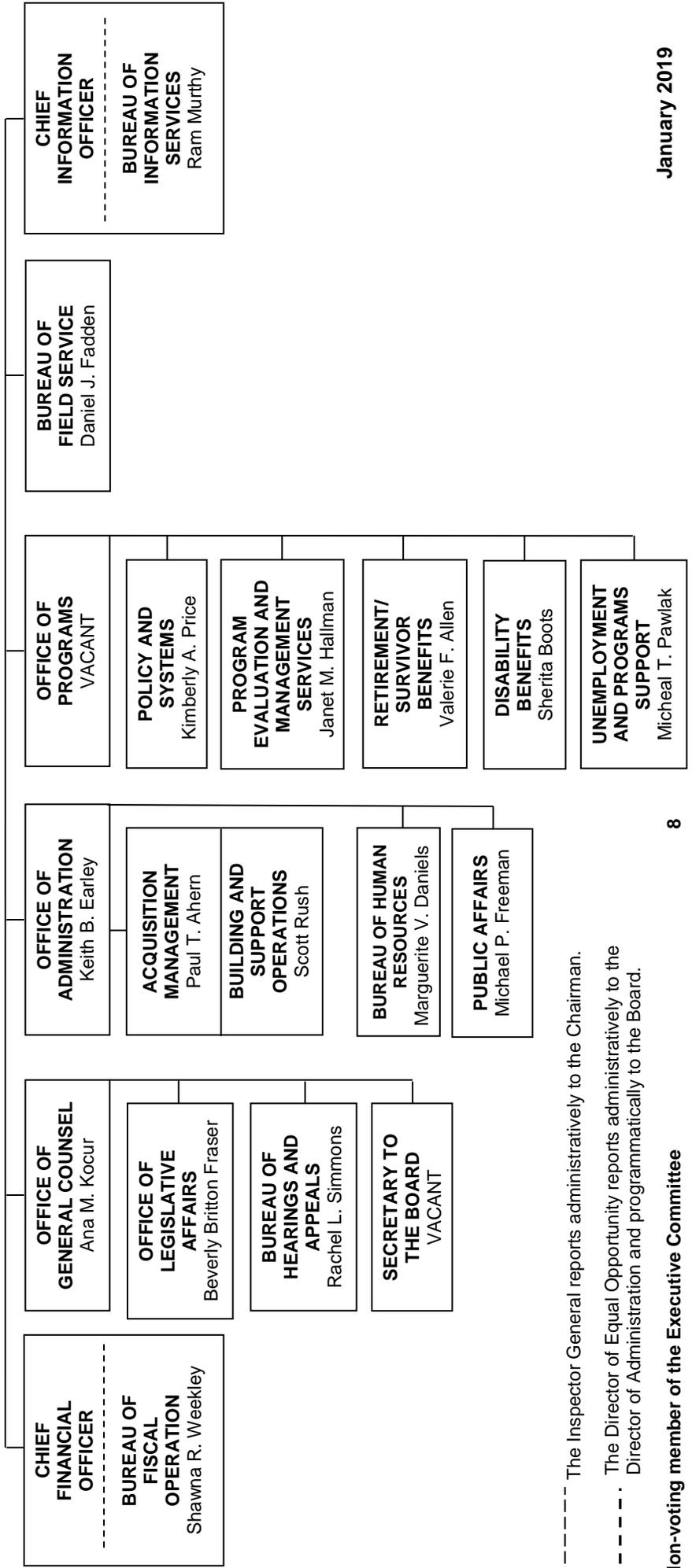
THE BOARD
 Chairman, Erhard R. Chorlé
 Labor Member, John Bragg
 Management Member, Thomas R. Jayne

**OFFICE OF
 INSPECTOR
 GENERAL**
 Martin J. Dickman

**OFFICE OF
 EQUAL
 OPPORTUNITY**
 Pamela M. Tate

EXECUTIVE COMMITTEE

MEMBER	MEMBER	MEMBER	SENIOR EXECUTIVE OFFICER	MEMBER
Shawna R. Weekley	Ana M. Kocur	Keith B. Earley	Daniel J. Fadden	Ram Murthy



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

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

LIMITATION ON ADMINISTRATION

For necessary expenses for the Railroad Retirement Board ("Board") for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, \$116,225,000 [123,500,000], to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund: *Provided*, That notwithstanding section 7(b)(9) of the Railroad Retirement Act this limitation may be used to hire attorneys only through the excepted service: *Provided further*, That the previous proviso shall not change the status under Federal employment laws of any attorney hired by the Railroad Retirement Board prior to January 1, 2013: *Provided further*, That \$2,725,000 [10,000,000], to remain available until expended, shall be used to supplement, not supplant, existing resources devoted to operations and improvements for the Board's Information Technology Investment Initiatives.

Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education. Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245). (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p>For necessary expenses for the Railroad Retirement Board ("Board") for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, \$116,225,000 [123,500,000], to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund: <i>Provided</i>, That notwithstanding section 7(b)(9) of the Railroad Retirement Act this limitation may be used to hire attorneys only through the excepted service: <i>Provided further</i>, That the previous proviso shall not change the status under Federal employment laws of any attorney hired by the Railroad Retirement Board prior to January 1, 2013: <i>Provided further</i>, That \$2,725,000 [10,000,000], to remain available until expended, shall be used to supplement, not supplant, existing resources devoted to operations and improvements for the Board's Information Technology Investment Initiatives.</p> <p><i>Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education. Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245). (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)</i></p>	<p>This budget request is for funds to administer the railroad retirement/survivor and unemployment/sickness insurance benefit programs under a single administrative account. The Limitation on Administration Account draws on the following trust fund accounts for funding: Railroad Retirement Account, Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Administration Fund.</p>

Legislation

Legislation	Authorized	Enacted	Authorized	President's Appropriation Request	Agency's Appropriation Request
<u>AUTHORIZING</u> <i>Railroad Retirement Act:</i> Sections 15(a) and 15A(c) <i>Railroad Unemployment Insurance Act:</i> Section 11(a) <u>BYPASS AUTHORITY</u> <i>Railroad Retirement Act:</i> Section 7(f)	Indefinite	\$123,500,000 ^{a/}	Indefinite	\$116,225,000	\$137,216,000

^{a/} A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P. L. 115-245) and includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization.

Section 15(a) of the Railroad Retirement Act:

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

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

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

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

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

Legislation

Section 7(f) of the Railroad Retirement Act:

“Whenever the Board submits or transmits any budget estimate, budget request, supplemental budget estimate, or other budget information, legislative recommendation, prepared testimony for congressional hearings, or comment on legislation to the President or to the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have any authority to require the Board to submit its budget requests or estimates, legislative recommendations, prepared testimony for congressional hearings, or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.”

ADMINISTRATIVE EXPENSES a/b/
Budget Authority By Object Classification

<u>Limitation on Administration</u> <u>Direct obligations by object class</u>	Fiscal year 2018	Fiscal year 2019	Amount of	Fiscal year 2020	Amount of	Fiscal year 2020
	actual amounts(\$)	c/d/ estimated amounts(\$)	d/e/ Change	President's Budget(\$)	d/ Change	Agency Request(\$)
Personnel compensation:						
Full-time permanent	\$62,012,000	\$63,608,000	(\$3,817,000)	\$59,791,000	\$8,826,000	\$68,617,000
Positions other than permanent	748,000	620,000	173,000	793,000	122,000	915,000
Other personnel compensation	1,432,000	1,403,000	(187,000)	1,216,000	0	1,216,000
Total personnel compensation	64,192,000	65,631,000	(3,831,000)	61,800,000	8,948,000	70,748,000
Personnel benefits: civilian	21,412,000	21,007,000	(1,656,000)	19,351,000	2,906,000	22,257,000
Benefits for former personnel	240,000	172,000	103,000	275,000	0	275,000
Travel and transportation of persons	493,000	1,049,000	(113,000)	936,000	0	936,000
Transportation of things	1,000	37,000	66,000	103,000	0	103,000
Rental payments to GSA	3,350,000 f/	3,500,000	100,000	3,600,000	0	3,600,000
Communications, utilities, and miscellaneous charges	5,260,000	6,290,000	298,000	6,588,000	0	6,588,000
Printing and reproduction	242,000	275,000	28,000	303,000	0	303,000
Consulting services	773,000	481,000	35,000	516,000	0	516,000
Other services	19,628,000	21,784,000	(2,567,000)	19,217,000 g/	9,137,000	28,354,000 h/i/
Supplies and materials	585,000	693,000	11,000	704,000	0	704,000
Equipment	1,492,000	2,581,000	251,000	2,832,000	0	2,832,000
Total, direct obligations	117,668,000	123,500,000	(7,275,000)	116,225,000	20,991,000	137,216,000
Unobligated balance	5,832,000 j/	0	0	0	0	0
Total budget authority	\$123,500,000	\$123,500,000	(\$7,275,000)	\$116,225,000	\$20,991,000	\$137,216,000

a/ In a separate justification document, the Office of Inspector General is requesting \$11,000,000 for administrative expenses in fiscal year 2020.

b/ Average FTE Costs: \$118,680 for FY 2018, \$120,469 (no COLA included) for FY 2019 and \$122,044 (no COLA included) for FY 2020.

c/ The amounts included for 2018 reflect the annualized level provided by the Consolidated Appropriations Act, 2018 (P.L. 115-141).

d/ The Limitation on Administration excludes \$29.8 million in fiscal year 2018 that the RRB received in reimbursements and transfers from the Centers for Medicare and Medicaid Services (CMS) and others.

e/ Amounts for fiscal years 2019 and 2020 exclude \$29.8 million and \$30.4 million respectively that the RRB expects to receive in each fiscal year from CMS and others.

f/ The amounts included for 2019 reflect the annualized level provided by the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

g/ Reflects the payment of actual costs to the General Services Administration (GSA) for the rental of space.

h/ This amount includes \$2,725 million of no year funding for IT initiatives for the modernization of the RRB's Legacy Systems Modernization Services (LSMS) \$1.69M, Cybersecurity \$0.285M, Financial Management Integrated System (FMIS) Upgrade \$0.25M and Records Management System \$0.5M.

i/ This amount includes \$11,862 million of no year funding for IT initiatives for the modernization of the RRB's Legacy Systems Modernization Services (LSMS) \$9,099M, Enterprise Information Solutions (EIS) \$0.200M, Citizen Services, Paperless Processing \$0.713M, Cybersecurity \$0.285M, Financial Management Integrated System (FMIS) Upgrade \$0.250M and Records Management System \$1.315M.

j/ The agency request level of \$11,862M for IT Initiatives is an increase of \$1,678M from \$10,184M in the 2020 Budget Submission. This change is caused primarily by a change in scope for the Legacy Replatform Services project that increased cost by \$1.9M; as a result the agency now needs additional funding for several other projects: \$0.250M to complete the FMIS Upgrade, \$1.315M for Records Management System and \$0.113M for Citizen Services Paperless Processing.

k/ This amount reflects the unobligated balance remaining from no year IT Initiatives funding from P.L. 115-141, the Consolidated Appropriations Act, 2018.

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

ADMINISTRATIVE EXPENSES

Budget Authority by Strategic Goal

<u>Limitation on Administration</u>	<u>Fiscal Year 2018</u>			<u>Fiscal Year 2019</u>			<u>Fiscal Year 2020</u>			<u>Fiscal Year 2020</u>			
	<u>Actual</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>%</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>%</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>%</u>
<u>Program by strategic goal</u>													
Strategic goal:													
1. Modernize information technology	37	5		\$9,301,863	5	37	5	\$15,634,503	5	66	9	\$14,307,739	12
2. Customer service	623	76		84,410,366	79	614	78	82,427,549	82	509	68	82,022,461	71
3. Stewardship	156	19		23,955,771	16	147	17	25,437,948	13	169	23	19,894,800	17
Total, direct program obligations	816			117,668,000		798		123,500,000		744		116,225,000	
Unobligated balance				5,832,000				0				0	
Total budget authority	816			\$123,500,000		798		\$123,500,000		744		\$116,225,000	
										850			
												137,216,000	
												\$137,216,000	

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

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

Note: Average FTE Costs: \$118,680 for FY 2018, \$120,469 (no COLA included) for FY 2019 and \$122,044 (no COLA included) for FY 2020.

STAFFING HISTORY

Actual Full-time Equivalent Employment

Fiscal <u>year</u>	<u>Total FTEs</u>	<u>a/</u>	<u>Change from previous year</u>	<u>Percent change from previous year</u>	<u>Cumulative FTE Reduction</u>	<u>Cumulative percent change since fiscal year 1993</u>
1993	1,698	<u>b/</u>	---	---	---	---
1994	1,615	<u>b/</u>	-83	-4.9%	83	-4.9%
1995	1,483	<u>b/</u>	-132	-8.2%	215	-4.9%
1996	1,401	<u>b/</u>	-82	-5.5%	297	-17.5%
1997	1,297		-104	-7.4%	401	-23.6%
1998	1,227		-70	-5.4%	471	-27.7%
1999	1,196		-31	-2.5%	502	-29.6%
2000	1,136		-60	-5.0%	562	-33.1%
2001	1,101		-35	-3.1%	597	-35.2%
2002	1,099		-2	-0.2%	599	-35.3%
2003	1,079		-20	-1.8%	619	-36.5%
2004	1,048		-31	-2.9%	650	-38.3%
2005	957		-91	-8.7%	741	-43.6%
2006	940		-17	-1.8%	758	-44.6%
2007	927		-13	-1.4%	771	-45.4%
2008	918		-9	-1.0%	780	-45.9%
2009	897		-21	-2.3%	801	-47.2%
2010	908		11	1.2%	790	-46.5%
2011	903		-5	-0.6%	795	-46.8%
2012	884		-19	-2.1%	814	-47.9%
2013	865		-19	-2.1%	833	-49.1%
2014	825		-40	-4.6%	873	-51.4%
2015	835		10	1.2%	863	-50.8%
2016	824		-11	-1.3%	874	-51.5%
2017	853		29	3.5%	845	-49.8%
2018	816		-37	-4.3%	882	-51.9%
2019	798	<u>c/</u>	-18	-2.2%	900	-53.0%
2020	744	<u>d/</u>	-54	-6.8%	954	-56.2%

a/ Excludes staffing for the Office of Inspector General

b/ Includes Special Management Improvement Fund FTEs for fiscal years 1994-1996 of 80, 58, 30 and 10,

c/ Reflects an adjusted projection as of January 2019.

d/ Reflects the estimated staffing allowable, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245). The estimated 744 FTEs is 106 FTEs less than what is needed to sustain the agency's mission essential functions. Additional funding for the agency's Information Technology investments would improve the agency's ability to sustain organizational performance at lower FTE levels in the future.

Funding for Major Contracts

This chart shows contracts of \$10,000 and over that are planned for fiscal year 2020 in the following Budget Object Class (BOC) categories: consulting services (BOC 251), government contracts (BOC 253), medical fees (BOC 256), maintenance of facilities (BOC 254), contractual services (BOC 252), and equipment and equipment maintenance (BOC 310/257). These contract funding estimates are based upon the President's Budget Level of \$116,225,000.

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2020 Funding (\$)</u>
<u>Information Technology - Operations</u>		
252	• <u>IT operations support and memberships</u> . Requested funding includes IBM operations support services, Core research services for CIO, and IT Research Services membership.	273,148
252	• <u>Help Desk Contract</u> . Funding for help desk staff to augment RRB staff, and to move PC Equipment.	499,905
252	• <u>License agreement</u> . Funds are required to maintain the RRB's Microsoft Enterprise License Agreement.	500,000
252	• <u>IT Security</u> . Security authorization, continuous monitoring of RRB information systems, mitigate cyber security risks, improve fraud prevention and detection abilities, support a more effective, efficient, and leaner workforce and IWAY and Nutanix Cluster Pro software.	325,420
252	• <u>Services and Installations</u> . Funding for agency Infrastructure and security operations IT services, and SCCM Implementation Services.	188,926
310	• <u>IT End of Life Replacement Equipment</u> . Replacements for Malware Analysis Workstations, IT Security laptops, network printers, digital forensics, routers and switches, KVM switch, Log management, network access controls, it security servers, network monitoring switch, and intrusion prevention/detection systems. EIS Conversion- Line 2 of 2 - Router purchase for MPLS replacement.	1,346,150
257	• <u>IT Software & Maintenance Renewals</u> . Sentinel & FS Sentinel for 6 months and full year, Cisco, Misc. PAY.GOV, SAP Business Objects, CA Software, Nutanix Cluster Support NITC, Skype, SharePoint Support, IPS and document imaging software. IBM Software Excel Enterprise Renewal.	2,472,293

Funding for Major Contracts

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2020 Funding (\$)</u>
<u>IT Modernization Program (funded at President's Budget level)</u>		
252	• <u>Legacy Systems Modernization Services</u> . See pages 63 through 67 for details.	1,690,000
252	• <u>Cybersecurity</u> . See pages 63 through 67 for details.	285,000
252	• <u>Financial Management Integrated System</u> . See pages 63 through 67 for details.	250,000
252	• <u>Records Management System</u> . See pages 63 through 67 for details.	500,000
<u>Support of Benefit Program Activities</u>		
256	• <u>Medical fees</u> . Funding is required for medical services and hospital transcripts used to make disability determinations.	1,610,000
251	• <u>Consultative medical services</u> . Funding will be used for medical evidence reviews concerning benefit and claim matters and preparation of advisory medical opinions.	470,400
252	• <u>Field service training</u> . Contract funding will be used for training claims representatives and supervisors. Network Team building meetings. New Contact Representative Training.	45,000
253	• <u>Other Services (Federal)</u> . Funding is needed for American Customer Satisfaction Index (ASCI) survey.	41,000 a/
252	• <u>Other Services (NON-Federal)</u> . Funding is needed for monthly State Wage Match income processing.	12,000
253	• <u>Social Security Death Match</u> . Funding is needed for monthly SSA Death Match processing.	74,000 a/
<u>Financial Management</u>		
252	• <u>Payments to Treasury</u> . Funding is required for fees by the Department of the Treasury for issuing checks and making electronic funds transfers on the RRB's behalf, as well as postage costs incurred for RRB mailings released by the Treasury.	35,000 a/
253	• <u>Payroll Costs</u> . Funding is for payroll costs related to PAR and labor distribution.	245,000 a/
257	<u>Financial and Administrative Systems</u> . Funding will be used to support FMIS annual Operations and Maintenance (O&M) contract and AquilQuest O&M.	2,000,000

Funding for Major Contracts

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2020 Funding (\$)</u>
<u>Administrative support</u>		
253	• <u>File management services</u> . Fees will be paid to the National Archives and Records Administration (NARA) for services by the Federal Records Center (FRC) to maintain the RRB claim files. This cost includes \$24,000 for shuttle service to transport files between RRB headquarters and the FRC.	270,000 <u>a/</u>
252	• <u>Photocopiers</u> . Funding is required to continue contractual services for photocopiers in the RRB's headquarters building, including high speed copiers that are used to prepare program related booklets, pamphlets, and other informational material.	362,000
253	• <u>Disaster recovery</u> . Funding will be used to support services via an interagency agreement with USDA-NITC Oct. 1 - Sept. 30.	196,100 <u>a/</u>
253	• <u>Field office support services</u> . Funding is required for field office alterations, miscellaneous and administrative support services. RWA Services. 54,000 Health Units.	104,000 <u>a/</u>
253	• <u>OPM Background Investigations</u> . Funding is required to obtain background investigations for agency employees and contractors.	125,000 <u>a/</u>
252	• <u>Shipping and receiving</u> . Funds are required to continue shipping and receiving services.	65,000
251	• <u>Employee assistance program</u> . The RRB provides professional assistance for employees with personal problems that adversely affect work performance and Program Activities.	34,000
257	• <u>Administrative Fees</u> . Agency charges for FSAFEDS and Change of Stations.	25,000
252	• <u>Vocational Expert Services, Videoconferencing and transcription services</u> . Funding for these services are needed for hearing appeals.	75,000
253	• <u>Recruitment and hiring services</u> . Funding will be used to pay OPM for recruitment and hiring services, background investigations, as well as flexible spending accounts. GSA Payroll/HRIT, IIA with GSA for HSPD-12, IIA with DOI for USA Staffing Licenses, Change of Stations and Administrative Fees, OPM: USA Jobs and FSAFEDS, Fed desk.	535,000 <u>a/</u>

Funding for Major Contracts

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2020 Funding (\$)</u>
252	• <u>Equifax Verifications</u> . Funding will be used to obtain access to the work number system for employment and income information.	30,000
252	• <u>Learning Management System</u> . Funding is for the RRB's in-house online educational/training courses and programs.	176,000
252	• <u>Shredding Services</u> . Funding is for the secure destruction of agency documents.	35,000
 <u>Facility Management Services</u>		
253	• <u>Federal Protective Service costs</u> . Funding is required for protective services, billed by the Department of Homeland Security, Federal Protective Service.	570,000 ^{a/}
254	• <u>Janitorial services</u> . Funding is needed for janitorial services for the RRB headquarters building.	820,000
254	• <u>Building security</u> . Funding is required for guard service and cleaning service for the RRB headquarters building.	854,500
254/257	• <u>Miscellaneous Building Contracts</u> . Contracts for the maintenance of entrance turnstiles, elevators, chillers, fire alarms, asbestos abatement, air conditioning, and delegation of authority.	220,700
Agency total, based on President's Budget		<u>17,360,542</u>
 ^{a/} Contractual services provided by Federal Government agencies comprise \$2,195,100 of the agency program total.		
 <u>IT Modernization Program (additional IT funding at Agency's request level)</u>		
252	• <u>Legacy Systems Modernization Services</u> . See pages 63 through 67 for details.	7,409,150
252	• <u>Enterprise Infrastructure Solutions (EIS)</u> . See pages 63 through 67 for details.	200,000
252	• <u>Citizen Services, Paperless Processing</u> . See pages 63 through 67 for details.	712,650
252	• <u>Records Management System</u> . See pages 63 through 67 for details.	815,000
Total - additional need		<u>9,136,800</u>

BUDGET AUTHORITY BY FUND

	Fiscal Year 2018 actual amounts	Fiscal Year 2019 estimated	Fiscal Year 2020 President's Budget	Fiscal Year 2020 Agency's Request
<u>Railroad Retirement Program</u>				
<u>Direct Program:</u>				
Railroad Retirement Account	75,032,443	76,628,243	72,880,000	86,043,000
Social Security Equivalent Benefit Account	26,209,104	30,475,897	28,000,000	33,057,000
Total, direct railroad retirement program obligations	101,241,547	107,104,140	100,880,000	119,100,000
<u>Railroad Unemployment and Sickness Insurance Program</u>				
<u>Direct Program:</u>				
Railroad Unemployment Insurance Administration Fund	16,426,453	16,395,860	15,345,000	18,116,000
Total, direct railroad retirement, unemployment and sickness insurance obligations	117,668,000	123,500,000	116,225,000	137,216,000
Unobligated balance	5,832,000	---	---	---
Total, direct railroad retirement, unemployment and sickness insurance budget authority	123,500,000	123,500,000	116,225,000	137,216,000

Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P. L. 115-245) and includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization.

LIMITATION ON ADMINISTRATION

Financing

	<u>Fiscal Year 2018 actual</u>	<u>Fiscal Year 2019 enacted</u>	<u>Fiscal Year 2020 President's Budget</u>	<u>Fiscal Year 2020 Agency's Request</u>
<u>Financing</u>				
Total, direct program obligations	\$117,668,000	123,500,000	\$116,225,000	\$137,216,000
Unobligated balance	<u>5,832,000</u>	---	---	---
Limitation	<u>\$123,500,000</u>	<u>\$123,500,000</u>	<u>\$116,225,000</u>	<u>\$137,216,000</u>

Relation of direct program obligations to outlays

Obligations incurred, net	123,500,000	123,500,000	116,225,000	137,216,000
Obligated balance, start of year	0	30,667,551	30,667,551	30,667,551
Obligated balance, end of year	<u>(30,667,551)</u>	<u>(30,667,551)</u>	<u>(30,667,551)</u>	<u>(30,667,551)</u>
Outlays from limitation	<u>\$92,832,449</u>	<u>\$123,500,000</u>	<u>\$116,225,000</u>	<u>137,216,000</u>

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

A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P. L. 115-245) and includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization..

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

Sources and Uses of Funds

	<u>Fiscal Year 2018 actual</u>	<u>Fiscal Year 2019 enacted</u>	<u>Fiscal Year 2020 President's Budget</u>	<u>Fiscal Year 2020 Agency's Request</u>
<u>Direct program sources</u>				
Available from benefit trust funds by Congressional appropriation	<u>\$123,500,000</u>	<u>\$123,500,000</u>	<u>\$116,225,000</u>	<u>\$137,216,000</u>
<u>Direct program uses</u>				
Administrative expenses	\$117,668,000	\$123,500,000	\$116,225,000	\$137,216,000
Unobligated balance	<u>5,832,000</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total uses:	<u>\$123,500,000</u>	<u>\$123,500,000</u>	<u>\$116,225,000</u>	<u>\$137,216,000</u>

Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P. L. 115-245) and includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization..

LIMITATION ON ADMINISTRATION

Amounts Available for Obligation

	<u>Fiscal Year 2018 actual</u>	<u>Fiscal Year 2019 enacted</u>	<u>Fiscal Year 2020 President's Budget</u>	<u>Fiscal Year 2020 Agency's Request</u>
Appropriation	\$117,668,000	\$123,500,000	\$116,225,000	\$137,216,000
Unobligated balance	5,832,000	---	---	---
Total direct obligations <u>a/</u>	<u>\$123,500,000</u>	<u>\$123,500,000</u>	<u>\$116,225,000</u>	<u>\$137,216,000</u>

a/ The RRB also received reimbursements totaling \$29.8 million in fiscal year 2018 and expects to receive \$29.8 million in fiscal year 2019, and \$30.4 million in fiscal year 2020 from CMS and others.

Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P. L. 115-245) and includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization.

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Agency's Request Level</u>	<u>President's Budget estimate to the Congress</u>	<u>House allowance</u>	<u>Senate allowance</u>	<u>Appropriation/ continuing resolution</u>
2011	110,000,000	110,573,000	---	---	108,854,854 <u>a/</u>
2012	115,011,000	112,239,000	---	---	108,649,264 <u>b/</u>
2013	117,719,000	112,415,000	---	---	108,734,464 <u>c/</u>
2014	119,158,000	111,739,000	---	---	110,300,000 <u>d/</u>
2015	119,743,000	112,150,000	---	---	111,225,000 <u>e/</u>
2016	141,431,197	119,918,000	---	---	111,225,000 <u>f/</u>
2017	139,649,040	122,499,000	---	---	113,500,000 <u>g/</u>
2018	147,841,000	111,225,000	113,500,000	114,500,000	123,500,000 <u>h/</u>
2019	142,506,000	115,225,000	126,000,000	123,500,000	123,500,000 <u>i/</u>
2020	137,216,000 <u>j/</u>	116,225,000			

a/ Reflects the appropriation of \$109,073,000, less a rescission of \$218,146 under the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

b/ Reflects the appropriation of \$108,855,000, less a rescission of \$205,736 under the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012 (P.L. 112-74).

c/ Reflects the appropriation of \$111,149,000, less a rescission of \$222,298, and a sequester of \$2,192,238, under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

d/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2014 (P.L. 113-76).

e/ Reflects the appropriation made available by the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

f/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2016 (P.L. 114-113).

g/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2017 (P.L. 115-31).

h/ Reflects the appropriation made available by the Consolidated Appropriations Act, 2018 (P.L. 115-141).

i/ Reflects the appropriation made available by the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

j/ The Agency's request level amount has been revised from \$136,833,000 as reported in the RRB's Fiscal Year 2020 Budget Submission primarily due to updated cost estimates for certain Information Technology Modernization projects.

Retirement/Survivor Benefit Program
Summary Processing Workload Table

<u>Fiscal years</u>	<u>Average number of annuitants</u>	<u>New applications</u>	<u>Supplemental annuity applications</u>	<u>Social Security initial awards ¹</u>	<u>Post-payment adjustments</u>	<u>Number of payments</u>	<u>Medicare enrollments ²</u>
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	513,732	33,879	4,464	3,393	80,201	6,686,481	7,840
2019 (est)	509,500	31,000	5,000	3,000	79,000	6,620,000	7,000
2020 (est)	504,300	29,000	4,000	3,000	79,000	6,560,000	7,000

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

2/ Excludes attainments.

Railroad Unemployment/Sickness Insurance Program
Summary Processing Workload Table

Fiscal Years	Railroad employment ^{1/}	Unemployment insurance			Sickness insurance		
		Applications	Claims	Payments	Applications	Claims	Payments
2008	235,000	13,483	79,016	65,388	21,932	140,788	120,498
2009	223,000	39,509	230,476 ^{2/}	198,230 ^{2/}	21,466	138,993	118,770
2010	221,000	18,721	210,965 ^{3/}	190,152 ^{3/}	21,476	139,653	119,426
2011	229,000	12,756	93,598 ^{4/}	83,144 ^{4/}	20,797	136,014	115,705
2012	234,000	12,914	83,120 ^{5/}	72,776 ^{5/}	20,240	129,318	110,154
2013	237,000	14,944	96,871 ^{6/}	84,365 ^{6/}	19,110	119,364	100,951
2014	242,000	11,982	77,580 ^{6/}	64,864 ^{6/}	19,335	120,838	102,020
2015	247,000	14,177	67,643	55,368	19,467	121,271	102,540
2016	231,000	24,371	145,605	120,134	20,219	131,575	111,933
2017	225,000	14,372	96,777	80,748	20,087	132,557	113,163
2018	223,000 (est)	11,294	71,119	59,696	18,660	131,320	112,940
2019 (est)	220,000	12,000	70,000	59,000	19,000	127,000	109,000
2020 (est)	216,000	13,000	77,000	65,000	19,000	126,000	108,000

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

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

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

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

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

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

PERFORMANCE PLAN



Fiscal Year 2020

Railroad Retirement Board

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

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Railroad Retirement Board – Fiscal Year 2020 Performance Plan

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, at the President's proposed budget level of \$116,225,000, is provided in Exhibit I. To provide for ongoing improvement in performance and accountability, we will continue to set programmatic goals which are aggressive, realistic and accurately measured. We will also ensure that planned improvements are transparent and result in meaningful outcomes, and that agency managers are accountable for achieving performance goals.

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

***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.

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

Strategic Goal I: *Modernize Information Technology (IT) Operations to sustain mission essential services.* At the President’s proposed budget level for fiscal year 2020, we plan to allocate \$14,307,739 and 66 full-time equivalent employees (FTEs) to this strategic goal.

Today, our mission essential programs are straining under the burden of being maintained by legacy computer systems built 40 years ago. 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.

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 transformed the Taxation systems using a like-to-like migration approach. The Tax system, built using COBOL/CICS/DB2 legacy technology, was transformed into the distributed architecture, Microsoft C#/.NET/SQL Server. We decided to transform the Employee Data Management (EDM) system following the re-engineering assessment (Strategic Goal I-A-4 Complete the Assessment for re-engineering Mission Essential Programs).

- *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 cloud based system.

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

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

The RRB will award a contract to conduct an assessment our RRB's existing core businesses processes, identify re-engineering opportunities and deliver a roadmap/blueprint for RRB to leverage shared and cloud services, including the transition from batch oriented processing to interactive transactional processing.

- *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 will optimize our network backbone connectivity to overcome latency issues when our users access Cloud Services. The migration will be completed in separate deliverables.

- The first task is for Web Content delivery services. These services will provide a publicly accessible web interface to access www.rrb.gov.
- The second task will address the agency's Enterprise-wide Voice Communications. Services in the Voice solicitation include Automatic Call Distribution (ACD), Interactive Voice Response (IVR), call conferencing, station-to-station calling (on-network and off-network), National Toll Free Services and other collaboration tools.
- The third task is the RRB's Wide Area Network (WAN) Multiprotocol Label Switching (MPLS) data communications. This will include the Field Offices and other remote location data communications.
- The fourth task will address to the RRB's non-MPLS WAN. This will include the agency's public internet connectivity and other inter-agency and business partner data network connectivity.

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

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

Strategic Goal II: *Provide Excellent Customer Service.* We aim to satisfy our customers’ expectations for quality service in terms of service delivery options and levels and manner of performance. At the President’s proposed budget level for fiscal year 2020, we plan to allocate \$82,022,461 and 509 full-time equivalent employees (FTEs) to this strategic goal. We have established two performance goals that focus on the specifics of achieving this strategic goal.

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

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

Our Customer Service Plan includes customer service timeliness standards for paying benefits. Through September 30, 2018, the overall actual performance was 98.8 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for nearly 99 percent of the 259,415 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 9/30/2018)
• Retirement applications: 95.3% (target: 94.0%)
• Survivor applications: 96.9% (target: 94.5%)
• Disability applications/payments: 52.8% (target: 82.2%)
• 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.

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

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 30 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). No additional services will be added to the ERSNet system in 2019. We will focus on improvements and enhancements to the 30 services that are currently available. An additional service will be added in fiscal year 2020 with the completion and implementation of the Form G-117A, Designation of Contact Officials. This service will allow employers on-line access to make changes to the responsible officials within their organizations who are authorized to exchange data and information with the RRB. This will bring the total number of services available to 31 in the ERSNet system.

Strategic Goal III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources. The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. At the President's proposed budget level for fiscal year 2020, we plan to allocate \$19,894,801 and 169 FTEs to this strategic goal. We have established four performance goals that focus on the specifics of achieving this strategic goal.

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

- *Continue to issue annual audited financial statements.*
- *Monitor the solvency of the trust funds through a sound program of actuarial valuations and financial projections.*
- *Correctly estimate the amounts needed for future benefit payments.*
- *Verify that payroll taxes are fully collected and properly recorded.*

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

- *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 2018, we released our Performance and Accountability Report for fiscal year 2018. The RRB's Office of Inspector General (OIG) did not express an opinion (disclaimer) on the RRB's 2018 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 weaknesses identified and continues to disagree that a disclaimer of opinion on the RRB's financial statement is necessary. While the RRB continues to be dismayed by the fluidity of the OIG's rationale for the disclaimer of opinion and material weaknesses, the RRB continues to work in good faith with the OIG throughout the audit process.

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

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

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

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

We measure the effectiveness of the program integrity efforts each year by comparing the dollars identified as improper payments and saved through these initiatives to their cost. For example, in fiscal year 2016, the RRB invested the equivalent of about 29 full-time employees, at a cost of approximately \$2.8 million, in program integrity efforts. This resulted in over \$10.3 million in recoverables, \$1.6 million in benefits saved, and the referral of 22

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

cases to the OIG for investigation. This is approximately \$4.18 in savings for each \$1.00 invested in these activities.

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

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

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

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

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

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

Maximizing 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.

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

- **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, , demotion, retention and reduction-in-force (RIF) rights.*)

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

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

Strengthening IT Portfolio Management – In support of the Administration’s direction to agencies to assess the effectiveness of current information technology (IT) management practices and address opportunities to improve management of IT resources, we continue to use measurements based on the PortfolioStat categories Deliver, Innovate and Protect. The measurements ensure that the agency engages in proactive performance management of its IT portfolio.

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

We continue to make progress towards a compliant Information Security program to improve the RRB's security posture. The RRB 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 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 also enrolled in the DHS EINSTEIN-3 Accelerated (E3A) program that ensures all of the Domain Name System (DNS) and Simple Mail Transfer Protocol (SMTP) are monitored by these services.

We continue to manage the risk of the critical infrastructure considering asset management, remote access, identity management, and network protection. Specifically:

- **Asset Management** – we 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 will be implemented based on the DHS project schedule.
- **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 will continue 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.

Railroad Retirement Board – Fiscal Year 2020 Performance Plan

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

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

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

Railroad Retirement Board FY 2020 Performance Plan	2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual (\$113.5m)	2018 Actual ^{1/} (\$123.5m)	2019 Enacted (\$123.5m)^{2/}	2020 President's Budget (\$116.225m)^{3/}
STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to sustain mission essential services						
Strategic Objective: Legacy Systems Modernization Goal leader: Ram Murthy, Chief Information Officer						
I-A-1. Transform Tax and EDM systems (3 million lines of legacy COBOL) from the mainframe to distributed architecture.			New Performance Goal 2018	Tax: 100% EDM: new strategic direction, see I-A-4		
I-A-2. Deliver online retirement forms (AA-1, AA-3) as citizen centric digital solutions.			New Performance Goal 2018	AA-1: 100% AA-3: 80%	AA-3: 100%	
I-A-3. Transition Mission Essential Programs from the End-of-Life Mainframe hardware.				New Performance Goal 2019	50%	100%
I-A-4. Complete the assessment for re-engineering Mission Essential Programs.				New Performance Goal 2019	50%	100%
I-A-5. Complete the migration of agency network and telecommunication services to new services in EIS.				New Performance Goal 2019	0%	40%

Railroad Retirement Board FY 2020 Performance Plan		2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual (\$113.5m)	2018 Actual ^{1/} (\$123.5m)	2019 Enacted (\$123.5m)^{2/}	2020 President's Budget (\$116.225m)^{3/}
STRATEGIC GOAL II: Provide Excellent Customer Service							
Strategic Objective: Pay benefits timely.							
Goal leader for objectives II-A-1 through II-A-5; II-A-7 and II-A-8: Crystal Coleman, Acting Director of Programs							
Goal leader for objective II-A-6: Dan Fadden, Director of Field Service							
Goal leader for objective II-A-9: Rachel L. Simmons, Director of Hearings and Appeals							
II-A-1. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 35 days of the annuity beginning date, if advanced filed. (Measure: % ≤ 35 days)	95.8%	94.0%	95.0%	94.9%	94.0%	94.0%	94.0% ^{4/}
II-A-2. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	96.5%	96.3%	95.5%	96.5%	94.0%	94.0%	94.0% ^{4/}
II-A-3. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor not already receiving a benefit within 60 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 days)	94.3%	96.0%	96.9%	96.2%	94.0%	94.0%	94.0% ^{4/}

Railroad Retirement Board FY 2020 Performance Plan		2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual (\$113.5m)	2018 Actual ^{1/} (\$123.5m)	2019 Enacted (\$123.5m)^{2/}	2020 President's Budget (\$116.225m)^{3/}
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%	96.5%	94.0%	94.0%	94.0% ^{4/}
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%	98.2%	97.0%	97.0%	97.0% ^{4/}
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%
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%	11.3%	70.0%	70.0%	Due to ongoing process improvements, RRB is rebase ^{5/} lining this metric
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%	91.5%	94.0%	94.0%	94.0%
II-A-9. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	261	239	217	217	230	220	220

Railroad Retirement Board FY 2020 Performance Plan		2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual (\$113.5m)	2018 Actual ^{1/} (\$123.5m)	2019 Enacted (\$123.5m) ^{2/}	2020 President's Budget (\$116.225m) ^{3/}
Strategic Objective: Provide a range of choices in service delivery methods.							
Goal leader: Crystal Coleman, Acting Director of Programs							
II-B-1. Offer electronic options to our customers, allowing them alternative ways to perform primary services via the Internet or interactive voice response systems. (Measure: Number of services available through electronic media)	19 services available	19 services available	19 services available	19 services available	20 services available	22 services available ^{4/}	22 services available ^{4/}
	99.0%	99.0%	99.0%	99.0%	99.3%	99.0%	99.0%
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)	27 Internet services available	27 Internet services available	27 Internet services available	29 Internet services available	30 Internet services available	30 Internet services available ^{5/}	31 Internet services available ^{5/}
	99.0%	99.0%	99.0%	99.0%	99.3%	99.0%	99.0%
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 Weekley, Chief Financial Officer							
III-A-1. Debts will be collected through billing, offset, reclamation, referral to outside collection programs, and a variety of other collection efforts. (Measure: total overpayments recovered in the fiscal year / total overpayments established in the fiscal year.)	99.58%	90.73%	92.14%	91.70%	85.00%	85.00%	85.00%
	99.58%	90.73%	92.14%	91.70%	85.00%	85.00%	85.00%

Railroad Retirement Board FY 2020 Performance Plan		2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual (\$113.5m)	2018 Actual ^{1/} (\$123.5m)	2019 Enacted (\$123.5m) ^{2/}	2020 President's Budget (\$116.225m) ^{3/}
Strategic Objective: Ensure the accuracy and integrity of benefit programs.							
Goal leader III-B-1(a)(b) and III-B-3, 4, and 5: Crystal Coleman, Acting 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 ^{8/} of at least 99%. (Measure: percent accuracy rate)	a) Initial payments:	99.72%	99.69%	98.89%	99.90% ^{2/}	99.60%	99.50%
	b) Sample post recurring payments:	99.91%	99.70%	99.94%	99.99% ^{2/}	99.60%	99.50%
III-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{8/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	99.23%	99.36%	97.24%	96.09%	97.00%	96.50%
	b) Sickness	99.40%	99.94%	99.08%	100.00%	97.50%	97.50%
III-B-3. Overall Initial Disability Determination Accuracy. (Measure: % of Case Accuracy)		95.8%	94.40%	94.40%	Not Available	95.00%	95.00%
III-B-4. Maintain the level of Railroad Retirement Act (RRA) improper payments below the OMB threshold. (Measure: prior to FY14, below 2.5%; beginning FY14, below 1.5%)		0.58% ^{10/}	0.60%	Not Available	Not Available	1.00%	1.00%
III-B-5. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure: recoverables and savings per dollar spent.)		\$4.49: \$1.00	\$4.18: \$1.00	Not Available	Not Available	\$3.85: \$1.00	\$3.85: \$1.00

Railroad Retirement Board		2015	2016	2017	2018	2019	2020
FY 2020 Performance Plan		Actual (\$111.225m)	Actual (\$111.225m)	Actual (\$113.5m)	Actual ^{1/} (\$123.5m)	Enacted (\$123.5m) ^{2/}	President's Budget (\$116.225m) ^{3/}
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: RUIA XR, Medicare Database	No: Tax database conversion incorporated Mainframe Applications Re-engineering project.					
III-C-2. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost.	New Performance Goal 2016	100%	100%	85%	85%	85%	85%
III-C-3. Deliver – Meet Customer Expectations. <u>WWW.RRB.GOV</u> Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users	New Performance Goal 2016	98.72	99.2%	98.92%	99%	99%	99%
	New Performance Goal 2016	9.38	6.52 hours	7.77 hours	7 hours	7 hours	7 hours
III-C-4. Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.		New Performance Goal 2017	No	Completed applying HTTPS-only standard to www.rrb.gov	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 2017	50%	99.93%	91.67%	91.67%	98.5%

Railroad Retirement Board		2015	2016	2017	2018	2019	2020
FY 2020 Performance Plan		Actual	Actual	Actual	Actual ^{1/}	Enacted	President's Budget
		(\$111.225m)	(\$111.225m)	(\$113.5m)	(\$123.5m)	(\$123.5m)^{2/}	(\$116.225m)^{3/}
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 2017	99.82%	99.93%	99%	99%
III-C-7. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.			New Performance Goal 2017	74%	77%	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%

Railroad Retirement Board FY 2020 Performance Plan	2015 Actual (\$111.225m)	2016 Actual (\$111.225m)	2017 Actual (\$113.5m)	2018 Actual ^{1/} (\$123.5m)	2019 Enacted (\$123.5m)^{2/}	2020 President's Budget (\$116.225m)^{3/}
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

Footnotes are following:

- ^{1/} Actual results represent status as of September 30, 2018, unless otherwise noted.
- ^{2/} Amount includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization.
- ^{3/} Amount includes \$113,500,000 for the Limitation on Administration account and \$2,725,000 for Information Technology Modernization.
- ^{4/} The FY 2020 goal has been lowered due to Retirement Survivor Benefits Division (RSBD) continuing to experience significant staff losses in both the initial and post sections. Training classes are being conducted to replace lost staff, but it takes much time to complete the class and become proficient in processing the work.
- ^{5/} Disability Benefits Division (DBD) is re-baselining the customer service standard. The last known process assessment was conducted in 2010, which noted the 2009 performance fell short of the customer service goal by 7.5%. In May 2016, a Gantt analysis identified that the disability process takes 245 days for a decision. Based on increased staffing and revising business processes, DBD is determining a more appropriate goal.^{6/} Disability Benefits Division (DBD) is re-baselining the customer service standard. The last known process assessment was conducted in 2010, which noted the 2009 performance fell short of the customer service goal by 7.5%. In May 2016, a Gantt analysis identified that the disability process takes 245 days for a decision. Based on increased staffing and revising business processes, DBD is determining a more appropriate goal.
- ^{6/} The goal for II-B-I initially included implementation of Internet - First Notice of Death (FNOD). The FY 2019 goal was increased to include completion of one additional Internet service - Spouse/Divorced Spouse Application AA-3.^{7/} In FY 2019, no additional services will be added to the ERSNet system. We will focus on improvements and enhancements to the 30 services that are currently available.
- ^{7/} In FY 2019, no additional services will be added to the ERSNet system. We will focus on improvements and enhancements to the 30 services that are currently available. This will also reduce the schedule for implementing new services, which resumes in FY 2020.
- ^{8/} The payment accuracy rate is the percentage of the dollars paid correctly as a result of adjudication actions performed.
- ^{9/} The actual results represent status as of March 31, 2018.
- ^{10/} The actual IP rate for FY 2015 was adjusted to accurately show that fiscal year data reviewed matches fiscal year data reported.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

DUAL BENEFITS PAYMENTS ACCOUNT

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, \$16[9],000,000, which shall include amounts becoming available in fiscal year 2020[2019] pursuant to section 224(c)(1)(B) of Public Law 98–76; and in addition, an amount, not to exceed 2 [2] percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: *Provided*, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.

Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115–245). (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p>For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, \$16[9],000,000, which shall include amounts becoming available in fiscal year 2020[2019] pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 [2] percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: <i>Provided</i>, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.</p> <p><i>Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245). (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019).</i></p>	<p>The proposed appropriation language provides \$16,000,000 to the Dual Benefits Payments Account for payment of vested dual benefits. Of the \$16,000,000, it is estimated that \$1 million will be derived from income tax revenues as provided by Section 224(c) (1) (B) of Public Law 98-76. Also, an additional reserve amount, not to exceed 2 percent, will be made available only if the product of recipients and the average benefit received exceeds the amount available. The monies provided to the Dual Benefits Payments Account are to be made available to the account on a monthly basis in 12 approximately equal amounts</p>

Authorizing Legislation

Legislation	2019		2020	
	Authorized	Enacted	Authorized	President's Budget
Railroad Retirement Act of 1974 as amended: Sections 15(d)(1), 7(c)(1), and 15(i)(2)				
Dual Benefits Payments	Indefinite	\$19,000,000 <u>a/</u>	Indefinite	\$16,000,000

a/ A full-year 2019 appropriation was enacted on September 28, 2018 pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

Section 15(d) (1):

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

Section 7(c) (1):

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

Section 15(i) (2):

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

Appropriations History Table

Dual Benefits Payments Account a/

<u>Year</u>	<u>President's Budget estimate to the Congress</u>	<u>House allowance</u>	<u>Senate allowance</u>	<u>Appropriation/ continuing resolution</u>	
2011	57,000,000	---	---	56,886,000	b/
2012	51,000,000	---	---	50,914,950	c/
2013	45,000,000	---	---	50,914,950	d/
2014	39,000,000	---	---	39,000,000	e/
2015	34,000,000	---	---	34,000,000	f/
2016	29,000,000	---	---	29,000,000	g/
2017	25,000,000	---	---	25,000,000	h/
2018	22,000,000	22,000,000	22,000,000	22,000,000	i/
2019	19,000,000	19,000,000	19,000,000	19,000,000	j/
2020	16,000,000				

- a/ For all amounts on the following table, the appropriation language provides that an additional amount, not to exceed 2 percent of the appropriation amount, shall become available under certain conditions to provide for full payment of vested dual benefits. The appropriation language also specifies that the amount made available will be credited to the account on a monthly basis in 12 approximately equal amounts.
- b/ Amount reflects the level of funding provided by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). This amount reflects an appropriation of \$57,000,000 less a rescission of \$114,000.
- c/ Amount reflects an appropriation of \$51,000,000, less a rescission of \$85,050 provided by the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012 (P.L. 112-74).
- d/ Amount reflects an appropriation of \$50,914,950 provided by the Consolidated and Further Continuing Appropriation Act, 2013 (P.L. 113-6).
- e/ Amount reflects an appropriation of \$39,000,000 provided by the Consolidated Appropriation Act, 2014 (P.L. 113-76).
- f/ Amount reflects an appropriation of \$34,000,000 provided by the Consolidated and Further Appropriation Act, 2015 (P.L. 113-235).
- g/ Amount reflects an appropriation of \$29,000,000 provided by the Consolidated Appropriations Act, 2016 (P.L. 114-113).
- h/ The Consolidated Appropriations Act, 2017 (P.L. 115-31) provided \$25,000,000 for the Dual Benefits Payments Account.
- i/ The Consolidated Appropriations Act, 2018 (P.L. 115-141) provided \$22,000,000 for the Dual Benefits Payments Account.
- j/ Amount reflects an appropriation of \$19,000,000 provided by the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

Funding Sources

The proposed fiscal year 2020 appropriation language calls for funding from the following source.

<u>Funding sources</u>	<u>Budget authority <u>a/</u></u>
General revenue	\$16,000,000
[Of the \$16,000,000 to be funded from general revenue, \$1,000,000 is expected from income taxes on vested dual benefits.]	

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

Dual Benefits Payments Account

Amounts Available for Obligation

	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Enacted</u>	<u>Fiscal Year 2020 President's Budget</u>
Appropriation, excluding 2% contingency reserve (general funds of the Treasury)	\$22,000,000	\$19,000,000	\$16,000,000
Transfer from other accounts (Federal Payments to the Railroad Retirement Accounts)	<u>598</u> <i>a/</i>	<u>2,000</u> <i>a/</i>	<u>2,000</u> <i>a/</i>
Subtotal:	\$22,002,000	\$19,002,000	\$16,002,000
Less:			
Unobligated balance	<u>\$1,779,969</u>	<u>---</u>	<u>---</u>
Total obligations (payments to beneficiaries)	<u>\$20,220,629</u>	<u>\$19,002,000</u>	<u>\$16,002,000</u>

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

Explanation of 2020 Request

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

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

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

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

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

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

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

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

The fiscal year 2020 appropriation language provides for 12 monthly payments to this account from general revenues and specifies that \$16,000,000 be appropriated for benefits. In addition, the proposed language provides that an additional amount not to exceed 2 percent of the \$16,000,000 appropriated shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$150,000, to remain available through September 30, 2021 [0], which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98–76.

Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115–245). (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p>For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$150,000, to remain available through September 30, 2021[0], which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98–76.</p> <p><i>Note: A full-year 2019 appropriation was enacted on September 28, 2018, pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115–245). (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)</i></p>	<p>Section 417 of Public Law 98-76 (Railroad Retirement Solvency Act of 1983) amended the Railroad Retirement Act of 1974 to provide for monthly transfers from the Treasury of amounts for benefit checks drawn 6 months earlier and not presented for payment.</p> <p>Since fiscal year 1991, the RRB does not receive credits to this account for the principal amount of uncashed railroad retirement checks under provisions of the Competitive Equality Banking Act of 1987. Instead, such funds, which are appropriated to the Treasury, are transferred directly to the railroad retirement accounts and the Dual Benefits Payments Account. Interest on uncashed railroad retirement checks, however, must still be appropriated in advance to this account.</p>

Authorizing Legislation

Legislation	2019		2020	
	Authorized	Enacted	Authorized	President's Budget
Railroad Retirement Solvency Act of 1983, Section 417	Indefinite	\$150,000 <u>a/</u>	Indefinite	\$150,000
Competitive Equality Banking Act of 1987, Section 1003				
Railroad Retirement Act of 1974, as amended, Section 15(i)(2)				

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

a/ A full-year 2019 appropriation was enacted on September 28, 2018 pursuant to the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

Appropriations History Table

<u>Fiscal Year</u>	<u>President's Budget estimate to the Congress</u>	<u>House allowance</u>	<u>Senate allowance</u>	<u>Appropriation/continuing resolution</u>
2011	150,000	150,000	150,000	150,000
2012	150,000	---	---	150,000
2013	150,000	---	---	150,000
2014	150,000	---	---	150,000
2015	150,000	---	---	150,000
2016	150,000	---	---	150,000
2017	150,000	---	---	150,000
2018	150,000	150,000	150,000	150,000
2019	150,000	150,000	150,000	150,000 a/
2020	150,000			

a/ Reflects the appropriation made available by the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

Note: Amounts appropriated are available for 2 years.

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

Amounts Available for Obligation

	<u>Fiscal year 2018 actual</u>	<u>Fiscal year 2019 enacted</u>	<u>Fiscal year 2020 President's Budget</u>
Appropriation	\$150,000	\$150,000	\$150,000
Plus:			
Unobligated balance, start of year	<u>150,000</u> a/	<u>150,000</u> a/	<u>150,000</u> a/
Subtotal:	\$300,000	\$300,000	\$300,000
Less:			
Unobligated balance, end of year	<u>294,000</u>	<u>200,000</u>	<u>200,000</u>
Total obligations	<u>\$6,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

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

Explanation of 2020 Request

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

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

The appropriation proposed for fiscal year 2020 provides that funds would be available for 2 years, through September 30, 2021.

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Information Technology Investment Initiatives

Our Mission Essential Functions are performed in a legacy mainframe environment that is costly and extremely resource heavy to protect customer data from increasing cyber threats. We are appreciative to have received \$20M towards IT Modernization in FY 2018/2019 that has jumpstarted our modernization efforts. These funds will allow the RRB to make significant progress on its mission critical IT investments as shown in the costs table below. For fiscal year 2020, OMB guidance provides for an IT investment level of \$2,725,000. \$1,690,000 for Legacy Systems Modernization Services (LSMS), \$285,000 for Cybersecurity, \$250,000 for Financial Management Integrated System (FMIS) Upgrade, and \$500,000 for Records Management System; however, this level does not encompass all needed IT investments included in the Agency Request shown below. The IT investments initiatives that would remain unfunded include: components of the Legacy Systems Modernization Services, Enterprise Infrastructure Solutions, Citizen Services, Paperless Processing, and Records Management System.

The following list of prioritized IT investment initiatives are critical to the RRB’s continued efforts to implement the President’s Management Agenda. As a result of the change in scope for the Legacy Systems Replatform Services (LSRS), to include a cloud based system increased the initial request from \$3,000,000 to \$4,900,000. Additionally, the increased project cost for LSRS, affected the costs for other projects, primarily the Enterprise Infrastructure Solutions, Financial Management Integrated System (FMIS) Upgrade, and Records Management.

	Investment	FY 2018/19 No-Year	Agency’s Request 2020	President’s Budget 2020	Additional Need
1	Legacy Systems Replatform Services (LSRS)	4,900,000	0	0	0
2	Legacy Systems Modernization Services (LSMS)	8,467,103	9,099,150	1,690,000	7,409,150
3	Enterprise Infrastructure Solutions (EIS)	2,650,000	200,000	0	200,000
4	Citizen Services, Paperless Processing	1,910,897	712,650	0	712,650
5	Cybersecurity	1,072,000	285,000	285,000	0
6	Financial Management Integrated System (FMIS) Upgrade	1,000,000	250,000	250,000	0
7	Records Management System	0	1,315,000	500,000	815,000
		\$20,000,000	\$11,861,800	\$2,725,000	\$9,136,800

IT Modernization Initiative Overall Cost Projection

Information Technology Investments	FY 2018/19 No-Year ^{a/}	Agency's Request 2020 ^{b/}	FY 2021	FY 2022	Total ^{c/}
Mainframe Applications Re-platform	4,900,000	0	0	0	4,900,000
Legacy Systems Modernization Services	8,467,103	9,099,150	5,730,000	3,510,441	26,806,694
Enterprise Infrastructure Solutions (EIS)	2,650,000	200,000	0	0	2,850,000
Citizen Services, Paperless Processing	1,910,897	712,650	600,000	600,000	3,823,547
Cybersecurity and Privacy	1,072,000	285,000	100,000	100,000	1,557,000
Financial Management Integrated System Upgrade	1,000,000	250,000	0	0	1,250,000
Records Management System	0	1,315,000	0	0	1,315,000
TOTAL	\$20,000,000	\$11,861,800	\$6,430,000	\$4,210,441	\$42,502,241

^{a/} Amounts reflect funding pursuant to Public Laws 115-114, *Consolidated Appropriations Act, 2018*, and 115-245, *Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019* and *Continuing Appropriations Act, 2019*. Both Public Laws provided \$10 million in funding, a total of \$20 million, for information and technology investment initiatives.

^{b/} Amounts reflect funding at the agency request level.

^{c/} Amounts based upon assumption that funding will be received for previous fiscal years.

Note: The table is a roadmap for the RRB's IT Modernization project. It provides estimated costs and an implementation timeline. The project will help the RRB deliver better citizen centric services, provide excellent customer service, effectively steward taxpayer dollars and safeguard trust fund assets.

Legacy Systems Modernization Services (LSMS)

Investment	Agency's Request 2020	President's Budget 2020	Additional Need
Legacy Systems Modernization Services (LSMS)	9,099,150	1,690,000	7,409,150

The RRB's Legacy Systems Modernization Services (LSMS) project is the RRB's first priority for FY 2020 and directly aligns to the RRB Agency Reform Plan's first proposal to "Improve Organizational Efficiency and Effectiveness." LSMS will complete the business process re-engineering (BPR) assessment in FY 2019. The agency's development and engineering teams will focus on the 10-15 core services, in benefit processing and payment systems. The remaining can be outsourced as a shared service in the cloud. This is an opportunity to rethink agency business processes and how best to fulfill the mission. To facilitate this thinking, we contracted Subject Matter Experts to deliver a blueprint. LSMS will then continue based on the blueprint to achieve the transformation, namely the closely tied services in terms of Imaging, Records Management, Prescriptive Analytics, and Audit/Compliance, along with the Private Cloud for storage and resource heavy workloads. Also based on the blueprint, the agency will leverage cloud services for Case Management, Customer Management, Desktop-as-a-Service, DevOps, Continuous Monitoring, Website portal, and Citizen Service solutions.

Enterprise Infrastructure Solutions (EIS)

Investment	Agency's Request 2020	President's Budget 2020	Additional Need
Enterprise Infrastructure Solutions (EIS)	200,000	0	200,000

The Enterprise Infrastructure Solutions (EIS) contract and related directly aligns to the RRB Agency Reform Plan's third proposal to "Improve Organizational Efficiency and Effectiveness." GSA has established this single new EIS program, to replace all of the existing contract vehicles for government telecommunications and infrastructure solutions. The transition gives RRB the opportunity to consolidate network services, as well as to re-architect and modernize our network infrastructure.

Using the assigned \$2.4M in FY 2019, the RRB will move forward with the EIS transition for network related equipment, services and parallel operations as needed during the transition. With the assigned funding, we will issue four major solicitations. The first solicitation will be for Web Content delivery services. These services will provide a publicly accessible web interface to access www.rrb.gov. The second solicitation will address the agencies Enterprise-wide Voice Communications. Services in the Voice solicitation include Automatic Call Distribution (ACD), Interactive Voice Response (IVR), call conferencing, station-to-station calling (on-network and off-network), National Toll Free Services and other collaboration tools. The third solicitation is the RRB's Wide Area Network (WAN) Multiprotocol Label Switching (MPLS) data communications. This will include the Field Offices and other remote location data communications. The fourth solicitation will address to the RRB's non-MPLS WAN. This will

include the agencies public internet connectivity, other inter-agencies and business partner data network connectivity.

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

Citizen Services / Paperless Processing

Investment	Agency’s Request 2020	President’s Budget 2020	Additional Need
Citizen Services / Paperless Processing	712,650	0	712,650

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

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

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

Cybersecurity

Investment	Agency's Request 2020	President's Budget 2020	Additional Need
Cybersecurity	285,000	285,000	0

The agency's cybersecurity strategy is to make attacks ineffective through prevention and detection through continuous monitoring. Funding will enhance the RRB's information security and privacy program activities, which directly support the President's Executive Order on *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure*. Because of the sensitivities related to security and privacy program activities, specifics for this element are intentionally omitted and available internally only. In general, RRB mitigates risk through the complementary use of technology, such as firewalls, integrity checkers, virus scanners, intrusion detection systems, anti-virus software and other special security devices, and well-trained personnel. To supplement the agency's continuous monitoring strategy, we recently formed a partnership with the Department of Homeland Security (DHS) and enrolled in the Continuous Diagnostic Mitigation (CDM) program. The CDM program increases the agency's visibility of potential threats continuously.

Financial Management Integrated System Upgrade

Investment	Agency's Request 2020	President's Budget 2020	Additional Need
Financial Management Integrated System (FMIS) Upgrade	250,000	250,000	0

In compliance with Financial Management Line of Business (FMLOB) guidance RRB commenced using a core financial management system in a cloud environment hosted by a shared service provider (CGI Federal Inc.) at the beginning of fiscal year 2014. The system, called the Financial Management Integrated System (FMIS), currently supports the processing and reporting functions of budget preparation and execution, acquisition and purchasing, accounts payable and disbursement, general ledger, external reporting, fixed assets and accounts receivable. The system is supported by CGI Federal's proprietary financial system software – Momentum. The RRB is currently using the version of Momentum that was available at the time of migration - 7.0. Since that time, CGI has released five updated versions of Momentum containing significant added functional enhancements and regulatory updates that reflect current Federal guidance and mandates. The funding will support a migration by RRB to a more current version of the Momentum software, either 7.4, 7.5 or 7.6, and increase the agency's ability to meet its business and reporting requirements efficiently and timely.

Records Management System

Investment	Agency's Request 2020	President's Budget 2020	Additional Need
Records Management System	1,315,000	500,000	815,000

OMB memorandum M-12-18, *Managing Government Records Directive*, mandated that by Fiscal Year 2019, all Executive Branch agencies implement efforts to reform records management policies and practices and to develop a 21st-century framework for the management of Government records. The RRB did not receive funding to meet this mandate.

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

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

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment

Series	Rank	FY 2018 actual	FY 2019 estimate	FY 2020 estimate
Executive	Level III	0	1	1
	Level IV	2	2	2
Senior Executive Service	ES-00	7	7	7
General Schedule/Management	GS/GM-15	38	38	35
	GS/GM-14	67	65	61
	GS/GM-13	99	97	90
	GS-12	209	204	190
	GS-11	109	106	99
	GS-10	131	128	119
	GS-9	23	22	21
	GS-8	46	45	42
	GS-7	32	31	29
	GS-6	8	8	7
	GS-5	38	37	35
	GS-4	7	7	6
	GS-3	0	0	0
	GS-2	0	0	0
All Levels Combined	Total	816	798	744

Positions in the Office of Inspector General are excluded.

Note: The estimated 744 FTEs, provided by the President's proposed budget, is 106 FTEs less than what is needed to sustain the agency's mission essential functions. Funding for the agency's Information Technology investments would improve the agency's ability to sustain organizational performance at lower FTE levels in the future.

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

	FY 2018 actual	FY 2019 Estimate	FY 2020 estimate
Average ES/SES salary	\$179,472	\$180,263	\$180,263
Average ES/SES benefits	63,501	62,481	62,481
Total, ES/SES	242,973	242,744	242,744
Average GS/GM salary	\$85,200	\$88,788	\$88,261
Average GS/GM benefits	30,146	30,775	30,282
Total, GS/GM	115,346	119,563	118,543
Average GS/GM grade	12.3	12.4	12.4

**RAILROAD RETIREMENT BOARD
EMPLOYEE RELOCATION EXPENSES**

	Past Year FY 2018	Current Year FY 2019	Budget Year FY 2020
Total	<u>\$0</u>	<u>\$180,000</u>	<u>\$300,000</u>

RAILROAD RETIREMENT BOARD

LEGISLATIVE PROPOSALS 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

LEGISLATIVE PROPOSALS 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 Act and Railroad Unemployment Insurance Act 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 Act and Railroad Unemployment Insurance Act.