
RAILROAD RETIREMENT BOARD

JUSTIFICATION OF BUDGET ESTIMATES



FISCAL YEAR 2021



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 JAYNE, MANAGEMENT MEMBER

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232 Capitol Building
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 2021, 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 \$120,225,000 for the Railroad Retirement Board's (RRB) administrative expenses in fiscal year 2021. We estimate that the proposed funding will provide for a staffing level of 672 full-time equivalent staff years (FTEs) and also provide \$5,725,000 for Information Technology (IT) investments.

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 \$155,824,000, which would support 880 FTEs and includes \$13,850,000 for the agency's ongoing IT modernization efforts. Additionally, Budget projections show that at the President's proposed budget level of \$120,225,000, the agency would need to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force to reach 672 FTEs, which is 208 FTEs less than our request level for FY 2021. The agency would not be able to sustain its mission essential functions at an FTE level of 672, which is 54 less than estimated FY 2020 FTEs of 726.

The RRB has embarked on a solid path toward moving its mission essential functions to a secure, reliable enterprise IT environment; streamlining core business processes; and achieving more efficient and effective benefits administration. The agency has made significant progress on its original seven IT modernization initiatives and will now position itself to leverage the opportunity to not only **modernize** its IT systems, but also to more importantly **transform** its core business processes and customer service capabilities. The significance of this endeavor is best described as a Transformation, rather than simply an IT Modernization. To evaluate the success of the Transformation, the RRB has identified specific outcomes it intends to measure and achieve, which include: (1) Effective, Timely and Accurate Benefits Administration; (2) Improvement of Program Integrity; (3) Improvement of Customer Experience; and (4) Secure, Reliable Use of Current Technologies.

Continued funding for RRB's ongoing Transformation is critical to implementing the President's Management Agenda. RRB's Transformation consists of three phases: (1) Stabilize; (2) Modernize; and (3) Perform, which are discussed in detail in the Information Technology section of this document. In fiscal year 2021, the agency will enter into the Modernize phase of the Transformation and the key IT activities will focus on enhancing program integrity, improving customer service, securing the enterprise, and streamlining the RRB's training program for its core mission essential functions.

In addition to the requests for administrative expenses, the President's budget includes \$13,000,000 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, 2022. All of the amounts presented in this letter exclude funding for the RRB's Office of Inspector General, which submits separate budget and performance information.

The President's Budget includes three legislative proposals. The first 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 Railroad Retirement Board to utilize student and recent graduate hiring authorities available to other Federal agencies. The third and final proposal would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency.

Thank you for your support of this proposed budget.

Sincerely,

Original signed
Erhard R. Chorlé
Chairman
February 10, 2020

Original signed
John Bragg
Labor Member
February 10, 2020

Original signed
Thomas Jayne
Management Member
February 10, 2020

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 JAYNE, MANAGEMENT MEMBER

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

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Thank you for your support of this proposed budget.

Sincerely,

Original signed
Erhard R. Chorlé
Chairman
February 10, 2020

Original signed
John Bragg
Labor Member
February 10, 2020

Original signed
Thomas Jayne
Management Member
February 10, 2020

Enclosure

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

JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 2021

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RAILROAD RETIREMENT BOARD

SUMMARY OF APPROPRIATION ESTIMATES FOR FISCAL YEARS 2020 and 2021

Account	Fiscal Year 2020 Enacted			Fiscal Year 2021 President's Budget		Page
	FTEs	Amount		FTEs	Amount	
Limitation on Administration	726	\$113,500,000	<u>a/</u>	672	\$114,500,000	<u>b/</u> 9
<i>IT Modernization</i>		\$10,000,000			\$5,725,000	
Total		\$123,500,000			\$120,225,000	
Dual Benefits Payments Account	—	\$16,000,000	<u>a/</u>	—	\$13,000,000	<u>c/</u> 47
Federal Payments to the Railroad Retirement Accounts	—	\$150,000	<u>a/</u>	—	\$150,000	<u>d/</u> 55
Limitation on the Office of Inspector General	54	\$11,000,000	<u>a/</u>	54	\$11,499,000	<u>e/</u> —

a/ A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

b/ This amount reflects the President's proposed budget amount. The Agency's Limitation on Administration request level for Fiscal Year 2021 is \$188,195,000 which would support 880 FTEs and includes \$13,850,000 for Information Technology (IT) initiatives as well as \$32,371,000 estimated for reimbursable and transfer funding. Direct obligations and No-year IT funding requested is \$155,824,000.

c/ The proposed appropriation language provides for \$13,000,000 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, 2022.

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 2019, the benefit payments totaled \$13.3 billion, net of recoveries and offsetting collections. Of this amount, payments for the retirement and survivor benefits program totaled \$13.1 billion to about 535,000 beneficiaries. The RRB also paid unemployment-sickness benefits of \$93.2 million, net of recoveries and offsetting collections. About 9,300 railroad workers received unemployment insurance benefits, and approximately 14,700 received sickness insurance benefits. This included benefits paid on behalf of the Social Security Administration amounting to \$1.9 billion to about 125,500 beneficiaries.

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, 2019, about 8,000 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 transfer and 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 2021, it is estimated that the RRB will be transferred and reimbursed about \$32.4 million for such costs. The estimate includes \$19 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, 2019, was approximately \$25.4 billion. From its inception through September 30, 2019, the Trust transferred approximately \$24.656 billion to the RRB to pay railroad benefits, including approximately \$1.794 billion in fiscal year 2019.

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 2020 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 \$102,300 in 2020.

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 2020 on covered rail employees and employers is 7.65 percent.

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 \$137,700 in 2020, 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 2020, the minimum employer contribution rate is 0.65 percent. New employers in 2020 will pay a tax of 3.10 percent, which represents the average rate paid by all employers in the period 2016 - 2018. For 84 percent of covered employers, the unemployment insurance rate assessed will be 0.65 percent in 2020, while 5 percent of employers will pay the maximum of 12 percent.

The 2020 rate is applied to the first \$1,655 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	\$168,400
John Bragg (Labor Member)	08-28-24	\$158,500
Thomas Jayne (Management Member)	08-28-23	\$158,500

RAILROAD RETIREMENT BOARD



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

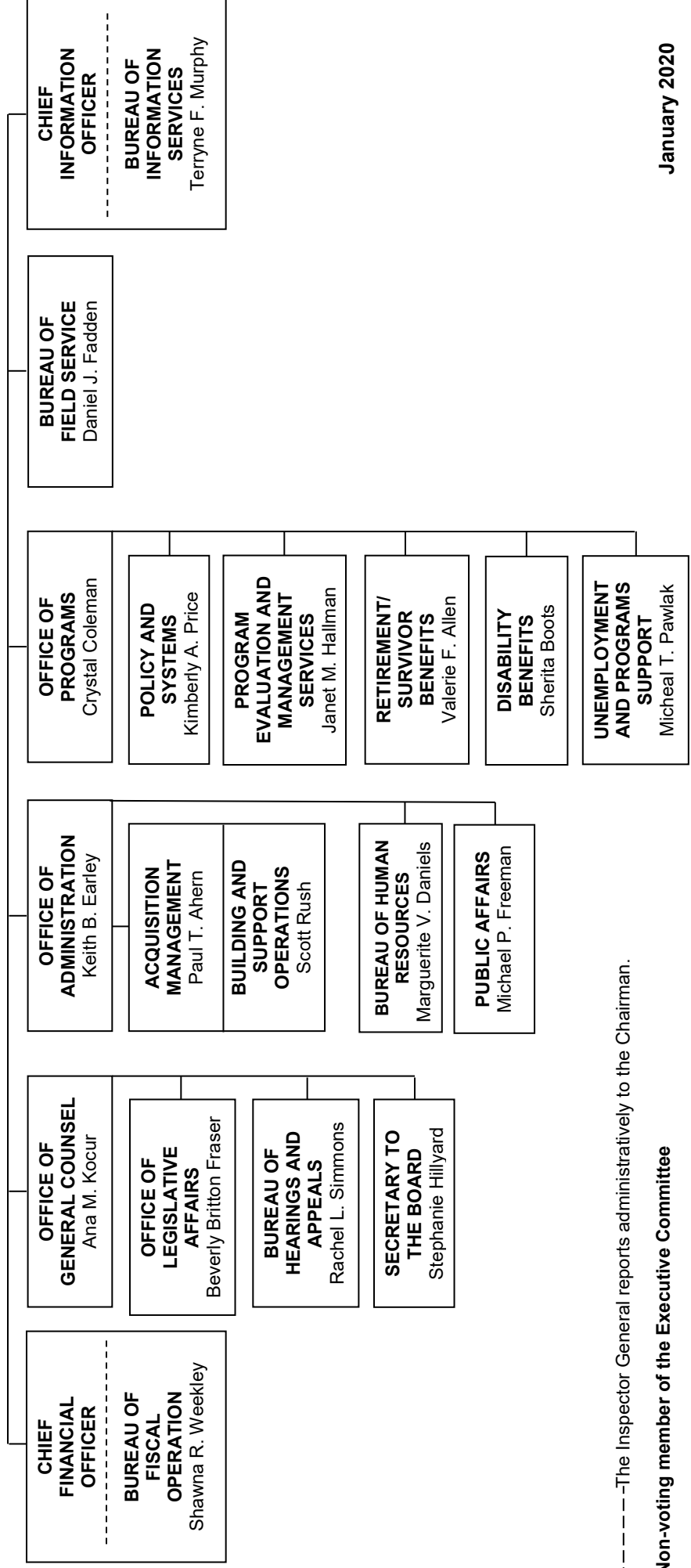
CHIEF ACTUARY *
BUREAU OF
THE ACTUARY AND
RESEARCH
Frank J. Buzzi

**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	Terryne F. Murphy



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

* Non-voting member of the Executive Committee

January 2020

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, [\$123,500,000] \$120,225,000, to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund: *Provided*, That notwithstanding section 7(b)(9) of the Railroad Retirement Act this limitation may be used to hire attorneys only through the excepted service: *Provided further*, That the previous proviso shall not change the status under Federal employment laws of any attorney hired by the Railroad Retirement Board prior to January 1, 2013: *Provided further*, 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: *Provided further*, That [\$10,000,000] \$5,725,000, 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.

Notes: A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2020. (P.L. 116-94)

The Agency's Limitation on Administration FY 2021 request level for direct obligations and no-year IT funding is \$155,824,000, which would support 880 FTEs and includes \$13,850,000 for the ongoing IT modernization efforts.

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, [\$123,500,000], \$120,225,000 to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund: <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 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: <i>Provided further</i>, That [\$10,000,000], \$5,725,000 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>Notes: A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the Further Consolidated Appropriations Act, 2020, (P.L. 116-94).</i></p> <p><i>The Agency's Limitation on Administration FY 2021 request level for direct obligations and no-year IT funding is \$155,824,000 which would support 880 FTEs and includes \$13,850,000 for the ongoing IT modernization efforts.</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	Fiscal Year 2020		Fiscal Year 2021	
		Enacted	Authorized	President's Appropriation Request	Agency's Appropriation Request
<u>AUTHORIZING</u>	Indefinite	\$123,500,000 <u>a/</u>	Indefinite	\$120,225,000	\$155,824,000 <u>b/</u>

Railroad Retirement Act:

Sections 15(a) and 15A(c)

Railroad Unemployment

Insurance Act:

Section 11(a)

BYPASS AUTHORITY

Railroad Retirement Act:

Section 7(f)

a/ A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

b/ Includes direct and no-year funding requested only. Excludes, amounts associated with reimbursements and transfers, estimated at \$32,371,000 for fiscal year 2021.

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

Legislation

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."

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."

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

	FY 2019 (A)	CHANGE (B)	FY 2020 ESTIMATE (C)	CHANGE (D)	FY 2021 BUDGET (E)	CHANGE (F)	FY 2021 AGENCY REQUEST (G)
TOTAL FTEs (INCLUDING REIMBURSABLE)	799	(73)	726	(54)	672	208	880
TOTAL RRB DIRECT PROGRAM OBLIGATIONS							
11.1 FULL-TIME PERMANENT	62,886	(6,285)	56,602	(1,484)	55,118	19,429	74,547
11.3 OTHER THAN FULL-TIME PERMANENT	772	731	1,503	(748)	755	252	1,007
11.5 OTHER PERSONNEL COMPENSATION	1,512	144	1,656	471	2,127	503	2,630
11.9 TOTAL PERSONNEL COMPENSATION	65,170	(5,410)	59,760	(1,760)	58,000	20,185	78,184
12.1 PERSONNEL BENEFITS: CIVILIAN	20,926	(1,421)	19,505	(1,410)	18,095	7,290	25,385
13.0 BENEFITS FOR FORMER PERSONNEL	171	104	275	0	275	0	275
21.0 TRAVEL AND TRANSPORTATION OF PERSONS	677	259	937	(97)	839	0	839
22.0 TRANSPORTATION OF THINGS	24	80	103	(44)	60	0	60
23.1 RENTAL PAYMENTS TO GSA	3,500	0	3,500	100	3,600	0	3,600
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	5,424	424	5,848	1,263	7,112	0	7,112
24.0 PRINTING AND REPRODUCTION	210	93	303	(35)	269	0	269
25.0 OTHER SERVICES	16,074	3,659	19,733	2,730	22,464	0	22,464
26.0 SUPPLIES AND MATERIALS	550	154	704	(58)	646	0	646
31.0 EQUIPMENT	774	2,058	2,832	310	3,142	0	3,142
TOTAL RRB DIRECT OBLIGATIONS	113,500	(0)	113,500	1,000	114,500	27,474	141,974
REIMBURSABLE AND TRANSFER OBLIGATIONS	30,975	(341)	30,635	1,736	32,371	0	32,371
PLUS: NO-YEAR FUNDING FOR IT INITIATIVES	10,000	0	10,000	(4,275)	5,725	8,125	13,850
TOTAL RRB OBLIGATIONS	154,475	(341)	154,134	(1,539)	152,596	35,599	188,195
DIRECT OBLIGATIONS AND NO YEAR	123,500	(0)	123,500	(3,275)	120,225	35,599	155,824

1/ In a separate justification document, the Office of Inspector General is requesting \$11,499,000 for administrative expenses in fiscal year 2021.

2/ Salary and benefit estimates for FY 2021 President's Budget and FY 2021 Agency Request reflect a 3.03 percent pay increase in January 2020 and 1.0 percent pay increase in January 2021.

3/ FTE cost for FY 2019 is \$121,215, FY 2020 Estimate FTE cost is \$122,808, and FY 2021 President's Budget and FY 2021 Agency Request FTE cost is \$129,670. FTE figures for FY 2020 do not reflect increased FTE costs associated with 2020 COLA, health care benefits, increased percentage of FERS employees at RRB or reductions in other non-FTE costs.

4/ Other Personnel Compensation represents 1.7% of salary costs in FY 2020 and 2.7% of salary costs in FY 2021.

5/ The agency would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach FTE levels lower than 800.

6/ This congressional justification does not reflect anticipated cost of implementation of significant FTE reductions.

7/ The amounts included for 2020 reflect the annualized level provided by the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

8/ Column (E) The President's Budget level contains \$5,725,000 for IT Initiatives associated with the Modernize Phase of RRB's Transformation.

9/ Column (G) The Agency Request level contains \$13,850,000 for IT Initiatives associated with the Modernize Phase of RRB's Transformation.

10/ The 2019 CMS Reimbursable and Transfer is made up of \$11,975,145 for Medicare Parts B and C, \$881,305 for Medicare Part D, \$18,836,410 for SMAC Transfer and \$499,868 miscellaneous.

The 2020 CMS Reimbursable and Transfer is made up of \$11,276,610 for Medicare Parts B and C, \$828,390 for Medicare Part D, \$18,029,664 for SMAC Transfer, and \$499,820 miscellaneous.

2021 CMS Reimbursable and Transfer is made up of \$11,975,145 for Medicare Parts B and C, \$881,305 for Medicare Part D, \$19,000,000 for SMAC Transfer, and \$514,306 miscellaneous.

11/ BOC 25.0 does not include SMAC transfer.

12/ Details may not add to totals due to rounding.

Note: The FY 2020 Estimate and FY 2021 President's Budget budget object code amounts are presented to reflect the MAX amounts. The FY 2020 Estimate as presented above does not reflect increased COLA and Benefit Costs effective January 2020. The operating plan for FY 2020 will be adjusted to absorb the increase for COLA and benefits effective January 2020.

ADMINISTRATIVE EXPENSES

Budget Authority by Strategic Goal

<u>Limitation on Administration</u>	<u>Fiscal Year 2019</u>			<u>Fiscal Year 2020</u>			<u>Fiscal Year 2021</u>			<u>Fiscal Year 2021</u>		
	<u>Actual</u>			<u>Estimate</u>			<u>President's Budget</u>			<u>Agency's Request</u>		
	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts (\$)</u>
<u>Program by strategic goal</u>												
Strategic goal:												
1. Modernize information technology	37	5	\$5,634,502	5	65	9	\$11,584,152	10	68	11	88	\$15,931,711
2. Customer service	615	77	82,399,816	74	496	68	82,026,815	72	456	59	598	83,025,474
3. Stewardship	147	18	25,465,682	21	165	23	19,889,033	18	148	30	194	43,016,815
Total, direct program obligations	799		113,500,000	726			113,500,000		672		880	141,974,000
No Year Funding for IT Initiatives			4,700,000				10,000,000					13,850,000
Unobligated balance			5,300,000				0					0
Total budget authority	799		\$123,500,000	726			\$123,500,000		672		880	\$155,824,000

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.

Notes: 1/ Average FTE Costs: \$121,215 for FY 2019, \$122,808 (without COLA) for FY 2020 and \$129,670 (COLA included) for FY 2021.

2/ The \$5,300,000 represents the unobligated balance from \$10,000,000 provided for the Board's Information Technology Investment Initiatives, provided pursuant to P.L. 115-245, the *Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019*.

STAFFING HISTORY

Actual Full-time Equivalent Employment

Fiscal year	Total FTEs	a/ b/	Change from previous year	Percent change from previous year	Cumulative FTE Reduction	Cumulative percent change since fiscal year 1993
1993	1,698	b/	---	---	---	---
1994	1,615	b/	-83	-4.9%	83	-4.9%
1995	1,483	b/	-132	-8.2%	215	-4.9%
1996	1,401	b/	-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	799		-17	-2.1%	899	-52.9%
2020	726	c/	-73	-9.1%	972	-57.2%
2021	672	d/	-54	-7.4%	1,026	-60.4%

a/ Excludes staffing for the Office of Inspector General

b/ Includes Special Management Improvement Fund FTEs for fiscal years 1993-1996 of 80, 58, 30 and 10,

c/ Reflects an adjusted projection as of January 2020.

d/ Reflects the estimated staffing allowable, pursuant to the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2020 (P.L. 116-94). The estimated 672 FTEs is 208 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 2021 in the following Budget Object Class (BOC) categories: consulting services (BOC 251), government contracts (BOC 253), medical fees (BOC 256), maintenance of facilities (BOC 254), contractual services (BOC 252), and equipment and equipment maintenance (BOC 310/257).

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2021 Funding (\$)</u>
<u>Information Technology</u>		
252	• <u>IT Operations Support and Memberships</u> . Requested funding includes IBM operations support services, Core research services for CIO, IT Research Services, and Penetration testing services.	279,750
252	• <u>Help Desk Contract</u> . Funding for help desk staff to augment RRB staff, and to move PC Equipment	583,000
252	• <u>License Agreement</u> . Funds are required to maintain the RRB's Microsoft Enterprise License Agreement and true-up charges, and Adobe EA, Login.gov (associated with IT Modernization).	1,347,900
257	• <u>IT Security</u> . Security authorization and continuous monitoring of RRB information systems, and records management.	472,000
252	• <u>Services and Installations</u> . Funding for agency Infrastructure and security operations IT services, and SCCM Implementation Services and Removal of equipment (HQ and NITC).	561,678
253	• <u>Licenses (Federal)</u> . E-OPF Licenses	35,000
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.	3,000,000
257	• <u>IT Software & Maintenance Renewals</u> . Sentinel & FS Sentinel for 6 mons and full year, Cisco, Misc. PAY.GOV, SAP Business Objects, CA Software, Nutanix Cluster Support NITC and HQ, Skype, SharePoint Support, IPS and document imaging software. IBM Software Excel Enterprise Renewal, Global 360, and Control M for DB2.	3,607,721
Total		9,887,049

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2021 Funding (\$)</u>
<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.	1,615,000
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.	475,000
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.	24,400
253	• <u>Other Services (Federal)</u> . Funding is needed for American Customer Satisfaction Index (ASCI) survey.	41,000 <u>a/</u>
252	• <u>Other Services (NON-Federal)</u> . Funding is needed for monthly State Wage Match income processing, CGI Accounting Support, Excel (Financial Statements), FMIS refresher.	222,000
253	• <u>Social Security Death Match</u> . Funding is needed for monthly SSA Death Match processing.	10,000 <u>a/</u>
	Total	2,387,400
<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.	26,000 <u>a/</u>
253	• <u>Payroll Costs</u> . Funding is for payroll costs related to PAR and labor distribution.	265,000 <u>a/</u>
257	<u>Financial Systems</u> . Funding will be used to support FMIS Annual O&M and AquilQuest O&M.	1,842,348
	Total	2,133,348

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2021 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.	425,000 <u>a/</u>
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.	120,000 <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.	70,000
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.	14,500
252	• <u>Vocational Expert Services, Videoconferencing and Transcription Services</u> . Funding for these services are needed for hearing appeals.	70,000
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.	565,000 <u>a/</u>
252	• <u>Equifax Verifications</u> . Funding will be used to obtain access to the work number system for employment and income information.	60,000
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>a/</u>

<u>BOC</u>	<u>Title and description</u>	<u>Estimated FY 2021 Funding (\$)</u>
253	• <u>Credit Monitoring</u> . Document translations, credit monitoring, interpreter.	25,000
253	• <u>Scanning</u> . OPM, scanning of paper Official Personnel folders.	80,000
	Total	2,265,600
<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.	713,000 <u>a/</u>
254	• <u>Janitorial Services</u> . Funding is needed for janitorial services for the RRB headquarters building.	783,000
254	• <u>Building Security</u> . Funding is required for guard service and cleaning service for the RRB headquarters building, upgrade to building intrusion detection system.	1,312,300 <u>a/</u>
254/257	• <u>Miscellaneous Building Contracts</u> . Contracts for the maintenance of entrance turnstiles, elevators, chillers, fire alarms, asbestos abatement, air conditioning, delegation of authority and architectural and space planning services for fitness center, realignment of fitness center.	1,187,600
	Total	<u>3,995,900</u>
	Agency total	<u><u>20,669,297</u></u>

a/ Contractual services provided by Federal Government agencies comprise \$4,103,400 of the agency program total.

BUDGET AUTHORITY BY FUND

	Fiscal Year 2019 Actual Amounts	Fiscal Year 2020 Estimated	Fiscal Year 2021 President's Budget	Fiscal Year 2021 Agency's Request
<u>Railroad Retirement Program</u>				
<u>Direct Program:</u>				
Railroad Retirement Account	\$73,339,743	\$80,843,198	\$79,113,712	\$102,539,530
Social Security Equivalent Benefit Account	<u>29,168,025</u>	<u>26,830,277</u>	<u>25,704,454</u>	<u>33,315,624</u>
Total, direct railroad retirement program obligations	102,507,768	107,673,475	104,818,166	135,855,154
<u>Railroad Unemployment and Sickness Insurance Program</u>				
<u>Direct Program:</u>				
Railroad Unemployment Insurance Administration Fund	<u>15,692,232</u>	<u>15,826,525</u>	<u>15,406,834</u>	<u>19,968,846</u>
Total, direct railroad retirement, unemployment and sickness insurance obligations	118,200,000	123,500,000	120,225,000	155,824,000
Unobligated balance	<u>5,300,000</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total, direct railroad retirement, unemployment and sickness insurance budget authority	<u><u>\$123,500,000</u></u>	<u><u>\$123,500,000</u></u>	<u><u>\$120,225,000</u></u>	<u><u>\$155,824,000</u></u>

Notes: A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

The \$5,300,000 represents the unobligated balance from \$10,000,000 provided for the Board's Information Technology Investment Initiatives, provided, pursuant to P. L. 115-245, the *Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019*.

The source of funds for the unobligated balance from FY 2019 is as follows: 1) Railroad Retirement Account \$3,288,500, 2) Social Security Benefit Account \$1,307,872, 3) Railroad Unemployment Insurance Administration Fund \$703,628.

LIMITATION ON ADMINISTRATION

Financing

	Fiscal Year 2019 Actual	Fiscal Year 2020 Enacted	Fiscal Year 2021 President's Budget	Fiscal Year 2021 Agency's Request
<u>Financing</u>				
Total, direct program obligations	\$113,500,000	\$113,500,000	\$114,500,000	\$141,974,000
No Year Funding for IT Initiatives	4,700,000	10,000,000	5,725,000	13,850,000
Unobligated balance	5,300,000	---	---	---
Limitation	<u>\$123,500,000</u>	<u>\$123,500,000</u>	<u>\$120,225,000</u>	<u>\$155,824,000</u>

Relation of direct program obligations to outlays

Obligations incurred, net	\$123,500,000	\$123,500,000	\$120,225,000	\$155,824,000
Obligated balance, start of year	0	27,452,831	27,452,831	27,452,831
Obligated balance, end of year	<u>(27,452,831)</u>	<u>(27,452,831)</u>	<u>(27,452,831)</u>	<u>(27,452,831)</u>
Outlays from limitation	<u>\$96,047,169</u>	<u>\$123,500,000</u>	<u>\$120,225,000</u>	<u>\$155,824,000</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 2020 appropriation was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

The \$5,300,000 represents the unobligated balance from \$10,000,000 provided for the Board's Information Technology Investment Initiatives, provided, pursuant to P. L. 115-245, the *Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act*, 2019.

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

	Fiscal Year 2019 Actual	Fiscal Year 2020 Enacted	Fiscal Year 2021 President's Budget	Fiscal Year 2021 Agency's Request
<u>Direct program sources</u>				
Appropriation	\$113,500,000	\$113,500,000	\$114,500,000	\$141,974,000
No-Year Funding for IT Initiatives	10,000,000	10,000,000	5,725,000	13,850,000
Available from benefit trust funds by Congressional appropriation	<u>\$123,500,000</u>	<u>\$123,500,000</u>	<u>\$120,225,000</u>	<u>\$155,824,000</u>
<u>Direct program uses</u>				
Administrative expenses	\$113,500,000	\$113,500,000	\$114,500,000	\$141,974,000
No-Year Funding for IT Initiatives	4,700,000	10,000,000	5,725,000	13,850,000
Unobligated balance	<u>5,300,000</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total uses:	<u>\$123,500,000</u>	<u>\$123,500,000</u>	<u>\$120,225,000</u>	<u>\$155,824,000</u>

Notes: A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

The \$5,300,000 represents the unobligated balance from \$10,000,000 provided for the Board's Information Technology Investment Initiatives, provided, pursuant to P. L. 115-245, the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019.

LIMITATION ON ADMINISTRATION

Amounts Available for Obligation

	<u>Fiscal Year 2019 Actual</u>	<u>Fiscal Year 2020 Enacted</u>	<u>Fiscal Year 2021 President's Budget</u>	<u>Fiscal Year 2021 Agency's Request</u>
Appropriation	\$113,500,000	\$113,500,000	\$114,500,000	\$141,974,000
No-Year Funding for IT Initiatives	4,700,000	10,000,000	5,725,000	13,850,000
Unobligated balance	<u>5,300,000</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total direct obligations a/	\$123,500,000	\$123,500,000	\$120,225,000	\$155,824,000

a/ The RRB also received reimbursements and transfers totaling \$31.0 million in fiscal year 2019 and expects to receive \$30.6 million in fiscal year 2020, and \$32.4 million in fiscal year 2021 from CMS and others.

Notes: A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

The \$5,300,000 represents the unobligated balance from \$10,000,000 provided for the Board's Information Technology Investment Initiatives, provided, pursuant to P. L. 115-245, *the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019*.

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>
2012	115,011,000	112,239,000	---	---	108,649,264 <u>a/</u>
2013	117,719,000	112,415,000	---	---	108,734,464 <u>b/</u>
2014	119,158,000	111,739,000	---	---	110,300,000 <u>c/</u>
2015	119,743,000	112,150,000	---	---	111,225,000 <u>d/</u>
2016	141,431,197	119,918,000	---	---	111,225,000 <u>e/</u>
2017	139,649,040	122,499,000	---	---	113,500,000 <u>f/</u>
2018	147,841,000	111,225,000	113,500,000	114,500,000	123,500,000 <u>g/</u>
2019	142,506,000	115,225,000	126,000,000	123,500,000	123,500,000 <u>h/</u>
2020	137,216,000	116,225,000	135,500,000	123,500,000	123,500,000 <u>i/</u>
2021	155,824,000 j/	120,225,000			

a/ 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).

b/ 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).

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

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

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

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

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

h/ 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).

i/ Reflects the appropriation made available by the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

j/ The Agency's request level amount has been revised from \$152,896,000 to \$155,824,000 as reported in the RRB's Fiscal Year 2021 Budget Submission and includes direct obligations \$141,974,000 and no-year funding of \$13,850,000.

Retirement/Survivor Benefit Program
Summary Processing Workload Table

<u>Fiscal Years</u>	<u>Average number of annuitants</u>	<u>New applications</u>	<u>Supplemental annuity applications</u>	<u>Social Security initial awards</u> ¹	<u>Post-payment adjustments</u>	<u>Number of payments</u>	<u>Medicare enrollments</u> ²
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	508,774	27,957	1,425	3,617	75,984	6,620,447	7,446
2020 (est)	504,300	30,000	4,000	4,000	75,000	6,550,000	7,000
2021 (est)	498,100	29,000	3,000	4,000	74,000	6,460,000	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
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	224,000	11,294	71,119	59,696	18,660	131,320	112,940
2019	214,000(est)	14,900	70,065	57,475	17,915	118,894	101,699
2020 (est)	204,000	20,000	124,000	102,000	19,000	125,000	107,000
2021 (est)	201,000	16,000	96,000	79,000	18,000	120,000	103,000

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

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

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

^{4/} Includes unemployment insurance claims and payments under P.L. 111-5, P.L. 111-92, and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (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 2021

Railroad Retirement Board

Railroad Retirement Board – Fiscal Year 2021 Performance Plan

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Railroad Retirement Board – Fiscal Year 2021 Performance Plan

Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2021 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 2021. 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 2021 for each performance goal, is at the Agency's proposed request level of \$155,824,000, which would support 880 FTEs and includes \$13,850,000 for ongoing IT modernization initiatives. 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 2021, 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 2021 Performance Plan

Strategic Goal I: *Modernize Information Technology (IT) Operations to sustain mission essential services.* At the Agency's request level for fiscal year 2021, we plan to allocate \$15,931,711 and 88 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 three phased approach allows the Agency to leverage the opportunity to not only ***modernize*** its IT systems, but also to more importantly ***transform*** its core business processes and customer service capabilities.

Through this phased approach the Agency will ***transform*** both the technologies and business processes to make the RRB more efficient and effective. From an IT perspective, the RRB plans to target the 70+ legacy applications and transition its platforms to support continuous delivery of capability enhancements securely and reliably. From a business perspective, the core process modernizations will span the continuum, to include streamlining the Agency's core training program for claims examiner as well as infusing greater flexibility and efficiency into benefit calculations and/or adjustments.

Strategic Objective: *RRB's Transformation (formerly Legacy Systems Modernization)*
The Transformation consists of three phases – ***Stabilize, Modernize, and Perform.***

- To stabilize the enterprise means the RRB must ensure that the components of its information systems and the ecosystem in which they reside must use current, sustainable technologies that will allow the RRB to secure and maintain the systems in today's world.
- The modernize phase consists of the activities the RRB will undertake to optimize mission-essential functions across people, process, and technology areas.
- The performance phase ensures successful integration and transition of applications and systems capabilities as they become ready to sustain operations.

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

- *Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions. (Stabilize Phase)*

This performance goal includes, but is not limited to: Developing and implementing the data strategy and plan; Establishing of the business rules strategy and plan; and Fortifying change management processes that play an integral part of the rationalization such as program management, change management, configuration management, and systems management, etc.

Railroad Retirement Board – Fiscal Year 2021 Performance Plan

- *Identify and deliver a broader range of online citizen centric services that will specifically address our customer's expectations and improve overall customer service. (Modernize phase)*

The RRB will evaluate the results of the customer surveys obtained through the LSMS re-engineering assessment contract deliverable to identify and deliver digital solutions that target our customer's expectations. A key component of this effort will include implementation of a COTS customer relationship management (CRM) capability that will support internal and external customers. Additionally, the RRB will enhance its imaging and document management capability.

- *Transition Mission Essential Programs from the End-of-Life Mainframe hardware. (Stabilize Phase)*

The RRB continues its efforts to establish its cloud presence into the Microsoft Azure Cloud OpenFrame Environment.

- *Evaluate the re-engineering assessment contract deliverable and determine a modernization path forward consistent with agency priorities and within available funding to address mission critical functions. (Modernize Phase)*

Evaluation of the roadmap and blueprint contract deliverables offered several recommendations for the RRB to consider going forward. Mission and service delivery offices will collaborate to develop the technical environment for application rationalization and streamline business processes. Through a collaborative approach and consideration of Accenture's recommendations, the RRB will develop a path forward that will improve program integrity, enhance customer experience, streamline the core-training program, and secure the enterprise.

- *Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase. (Stabilize Phase)*

Specifically, the key components of the infrastructure modernization include:

- The wide area network (WAN) and unified communications (UC) implementation, through the EIS transition;
- The modernization of the server footprint and enterprise storage solution to Azure Stack;
- The update of the desktop computing environment to Windows 10; and
- The development of a functioning development and test environment, which best positions the RRB for future continuous delivery.

Railroad Retirement Board – Fiscal Year 2021 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 Agency's request level for fiscal year 2021, we plan to allocate \$83,025,474 and 598 full-time equivalent employees (FTEs) to this strategic goal. We have established two strategic objectives 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, 2019, the overall actual performance was 98.6 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for nearly 99 percent of the 242,912 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 2019 (through 9/30/2019)

- Retirement applications: 95.7% (target: 94.0%)
- Survivor applications: 96.7% (target: 94.8%)
- Disability applications/payments: 50.8% (target: 82.7%)
- 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 *RRB Vision* to provide information and training to the public and rail employers.

Strategic Objective: Provide a range of choices in service delivery methods. To fulfill customers' needs, we must provide high quality, accurate services on a timely basis, and in

Railroad Retirement Board – Fiscal Year 2021 Performance Plan

ways that are accessible and convenient to all our customers, including the elderly and those with impairments. Consistent with our mission 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.*

In fiscal year 2020 the RRB will develop and implement the Form G-117a, Designation of Contact Official in the ERSNet system. This new service will give employers the ability to add or change existing designated contact officials or modify an official's address in the Railroad Retirement Board's system. This one additional service will establish a total of 31 automated ERSNet services available for employer to notify, request or provide a means for correcting and transmitting data electronically to and from the Railroad Retirement Board. We will also continue to make improvements and enhancements to the existing 30 services currently available to users.

In fiscal year 2021, RRB in-house IT staff will develop on-line ERSNet processes for the AESOP, Employee Retirement Estimate File. If full funding is received, the RRB will also develop Form RL-13g, Notice to Employer of Relinquishment of Rights of Disability Annuitant Who Attained Age 65.

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 Agency's request level for fiscal year 2021, we plan to allocate \$43,016,815 and 194 FTEs to this strategic goal. We have established four strategic objectives 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.*

Railroad Retirement Board – Fiscal Year 2021 Performance Plan

- *Verify that payroll taxes are fully collected and properly recorded.*
- *Issue accurate, timely determinations and notices of contribution rates required under the unemployment and sickness insurance program.*
- *Continue to carry out the RRB's debt management policy.*

In November 2019, we released our Performance and Accountability Report for fiscal year 2019. The RRB's Office of Inspector General (OIG) did not express an opinion (disclaimer) on the RRB's 2019 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 2018, the RRB invested the equivalent of about 27 full-time employees, at a cost of approximately \$2.76 million, in program integrity efforts. This

Railroad Retirement Board – Fiscal Year 2021 Performance Plan

resulted in over \$8.69 million in recoverables, \$814,162 in benefits saved, and the referral of 32 cases to the OIG for investigation. This is approximately \$3.44 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.

Maximizing Employee Performance

Like many agencies, the RRB has an aging workforce. Nearly 44 percent of our employees have 20 or more years of service and almost 25 percent of the current workforce will be eligible for retirement by fiscal year 2021. To prepare for the expected turnover, the agency is placing increased emphasis on strategic management of human capital. We have a draft succession plan, which includes a workforce analysis that identifies historical data, trends and projected attrition to evaluate and prioritize future needs and vacancies in our workforce. The results from the workforce analysis form the basis for formulating specific strategies, hiring plans and initiatives that support the agency's draft succession plan. A methodology for measuring skill gaps continues to be developed. Once final, RRB will utilize our Learning Management System (LMS) to implement the methodology. We have developed a job analysis procedure and outputs to identify critical competencies for every agency position. Competencies will be organized using a newly developed competency model framework that identifies RRB core, technical/position, supervisor/leadership, and executive competencies, and proficiency levels for incumbent job performer success. This process will allow the RRB to continuously and accurately identify skill gaps at the individual level and take the necessary training and development steps to address skill deficiencies.

The Training and Development Section within the Bureau of Human Resources continues to utilize the results from training needs assessments and surveys to assist in prioritizing the RRB's training needs. We are also making use of technology in this area, utilizing the LMS, an internet-based program which effectively formalizes many aspects of training for all agency employees, while also providing self-assessments to the student and feedback to supervisors on their progress. In addition, our Field Service supervisors/managers have access to the latest webinar technology to facilitate the remote training of new employees, as well as the ongoing training of experienced field staff.

The Workforce Organization Management Section (WOMS) identifies appropriate target markets for our recruitment efforts to ensure we receive applications from a talented and diverse pool of applicants. Through USAJOBS, we have been able to reach candidates from many sectors. We also utilize different recruitment strategies, like resume mining and targeted advertising, to ensure we are attracting quality candidates.

Railroad Retirement Board – Fiscal Year 2021 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. RRB has implemented an Information Security Continuous Monitoring (ISCM) Strategy as outlined in OMB Memorandum 19-02, Fiscal Year 2018-2019 Guidance on Federal Information Security and Privacy Management Requirements. 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 continuous monitoring compliance towards vulnerability assessment, hardware and software management, configuration management, and privileged account management. The RRB continues to employ the DHS EINSTEIN-3 Accelerated (E3A) toolset 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 continuous monitoring, remote access, identity management, and network protection. Specifically:

- Continuous Monitoring – we have enrolled in the DHS CDM Continuous Monitoring as a Service (CMaaS) to provide better visibility of current hardware and software and to automatically detect unauthorized hardware and software.
- Identity Management – The RRB enforces multi-factor authentication for general users. RRB has installed a privileged access management system for system administrators to manage elevated privileges.
- Remote Access – we deployed managed services for hardware encryption and have upgraded our firewalls to strengthen information security controls for remote access. Note: enforcement of PIV is instrumental for remote access.
- Network Protection – as part of CMaaS, we will further improve the Defense in Depth configuration in place, namely the Intrusion Prevention System (IPS), Network Access Control (NAC), and the Security Information and Event Management (SIEM).

Railroad Retirement Board – Fiscal Year 2021 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	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Enacted	2021 Request
FY 2021 Performance Plan	\$111.2m	\$113.5m	\$123.5m	\$123.5m	\$123.5m	\$155.8m
STRATEGIC GOAL I:						
<i>Modernize Information Technology (IT) operations to sustain mission essential services</i>						
Strategic Objective: RRB's Transformation (formerly Legacy Systems Modernization) Goal Leader: Terryne F. Murphy, Chief Information Officer						
I-A-1. Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions.						New Goal for 2021
I-A-2. Evaluate the results of the customer surveys obtained through the LSMS re-engineering assessment contract deliverable to identify and deliver a broader range of online citizen centric services that will specifically address our customer's expectations and improve overall customer service.						New Goal for 2021
I-A-3. Transition Mission Essential Programs from the End-of-Life Mainframe hardware.			New Goal for 2019	10%	50%	Complete
I-A-4. Evaluate the re-engineering assessment contract deliverable and determine a modernization pathforward consistent with agency priorities and within available funding to address mission critical functions.						New Goal for 2021
1-A-5. Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase.						New Goal for 2021

Railroad Retirement Board FY 2021 Performance Plan	2016 Actual \$111.2m	2017 Actual \$113.5m	2018 Actual \$123.5m	2019 Actual ^{1/} \$123.5m^{2/}	2020 Enacted \$123.5m	2021 Request \$155.8m
STRATEGIC GOAL II: <i>Provide Excellent Customer Service</i>						
<i>Strategic Objective: Pay benefits timely.</i> Goal leader for objectives II-A-1 through II-A-5; II-A-7 and II-A-8: Crystal Coleman, 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)	94.0%	95.0%	94.9%	95.4%	94.0%	94.0%
II-A-2. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	96.3%	95.5%	96.5%	96.5%	94.0%	94.0%
II-A-3. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor not already receiving a benefit within 60 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 days)	96.0%	96.9%	96.2%	96.0%	94.0%	94.0%

Railroad Retirement Board FY 2021 Performance Plan	2016 Actual \$111.2m	2017 Actual \$113.5m	2018 Actual \$123.5m	2019 Actual \$123.5m	2020 Enacted \$123.5m	2021 Request \$155.8m
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: % \leq 30 days)	95.1%	96.1%	96.5%	96.6%	94.0%	94.0%
II-A-5. RRB makes a decision to pay or deny a lump sum death benefit within 60 days of the date the application was filed. (Measure: % \leq 60 days)	98.0%	97.5%	98.2%	97.3%	97.0%	96.0% ^{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: % \leq 10 days)	99.9%	99.9%	99.9%	99.9%	98.5%	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: % \leq 100 days)	17.4%	14.7%	11.3%	12.5%	70.0%	Due to ongoing process improvements RRB is rebase lining this metric ^{5/}
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)	92.6%	92.5%	91.5%	85.2%	94.0%	92.0% ^{6/}
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)	239	217	217	207	200	210

Railroad Retirement Board FY 2021 Performance Plan	2016 Actual \$111.2m	2017 Actual \$113.5m	2018 Actual \$123.5m	2019 Actual \$123.5m	2020 Enacted \$123.5m	2021 Request \$155.8m
<i>Strategic Objective: Provide a range of choices in service delivery methods.</i>						
Goal leader: Crystal Coleman, 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	20 services available	20 services available	22 services available	23 services available
II-B-2. Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act. (Measures: percentage of employers who use the on-line Employer Reporting System (ERS); number of services available through electronic media)	a) Employers using ERS: 99.0%	99.0%	99.3%	99.2%	99.0%	99.0%
	b) Internet services: 27 Internet services available	29 Internet services available	30 Internet services available	30 Internet services available	31 Internet services available	32 Internet services available
<i>STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources</i>						
<i>Strategic Objective: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately</i>						
Goal leader: Shawna R. 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%

Railroad Retirement Board FY 2021 Performance Plan	2016 Actual \$111.2m	2017 Actual \$113.5m	2018 Actual \$123.5m	2019 Actual \$123.5m	2020 Enacted \$123.5m	2021 Request \$155.8m	
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, 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 ^{7/} of at least 99%. (Measure: percent accuracy rate)	a) Initial payments:	99.69%	98.89%	99.87%	99.99% ^{8/}	99.50%	99.50%
	b) Sample post recurring payments:	99.70%	99.94%	99.56%	99.94% ^{8/}	99.50%	99.50%
III-B-2. Achieve a railroad unemployment/ sickness insurance benefit payment accuracy rate ^{7/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	99.36%	97.24%	96.09%	96.23%	96.50%	95.00% ^{9/}
	b) Sickness	99.94%	99.08%	100.00%	97.93%	97.50%	96.00%
III-B-3. Overall Initial Disability Determination Accuracy. (Measure: % of Case Accuracy)		94.40%	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: below 1.5%)		0.60%	0.44%	N/A ^{10/}	N/A ^{10/}	N/A ^{10/}	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.)		\$4.18: \$1.00	\$3.70: \$1.00	\$3.44: \$1.00	Not Available	\$3.85: \$1.00	\$3.70: \$1.00

Railroad Retirement Board FY 2021 Performance Plan		2016 Actual \$111.2m	2017 Actual \$113.5m	2018 Actual \$123.5m	2019 Actual \$123.5m	2020 Enacted \$123.5m	2021 Request \$155.8m
Strategic Objective: Ensure effectiveness, efficiency, and security of operations.							
Goal leader: Terryne F. Murphy, 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)		No: Tax database conversion added to Mainframe App. Re-eng. project.	Project complete.	Project complete.	Project complete.	Project complete.	Project complete.
III-C-2. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost.		100%	100%	85%	100%	85%	85%
III-C-3. Deliver – Meet Customer Expectations. <u>WWW.RRB.GOV</u> Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users	a) Continuous availability target	98.72	99.2%	98.92%	98.99%	95%	95%
	b) Hours of outage allowed per month	9.38 hours	6.52 hours	7.77 hours	7.38 hours	7 hours	7 hours
III-C-4. Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.		New Goal for 2017	No	Completed applying HTTPS-only standard to www.rrb.gov	Cloud-based enterprise test lab: No	Cloud-based enterprise test lab: Yes	Cloud-based apps
III-C-5. Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives.		New Goal for 2017	50%	99.93%	100%	98.5%	98.5%
III-C-6. Protect – Email Data Loss Prevention. Percentage of externally bound emails and their attachments automatically encrypted that contain personally identifiable or credit card information		New Goal for 2017	99.82%	99.93%	100%	99%	99%
III-C-7. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate		New Goal for 2017	74%	77%	73%	Unprivileged Network Users ≥85% Privileged Network Users 100%	Unprivileged Network Users ≥85% Privileged Network Users 100%

Railroad Retirement Board FY 2021 Performance Plan	2016 Actual \$111.2m	2017 Actual \$113.5m	2018 Actual \$123.5m	2019 Actual \$123.5m	2020 Enacted \$123.5m	2021 Request \$155.8m
<i>Strategic objective:</i> <i>Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.</i> Goal leader: Ana M. Kocur, General Counsel						
III-D-1. Timely review information reported by the National Railroad Retirement Investment Trust to carry out RRB's oversight responsibility under section 15(j) (5) (F) of the Railroad Retirement Act. Reports are to be reviewed within 30 days of receipt. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes

Notes

^{1/} 2019 Actual results represent status as of September 30, 2019, unless otherwise noted.

^{2/} 2020 Enacted includes \$113,500,000 for the Limitation on Administration account and \$10,000,000 for Information Technology Modernization.

^{3/} 2021 Request includes \$141,974,000 for the Limitation on Administration account and \$13,850,000 for Information Technology Modernization.

^{4/} This goal was lowered due to a lack of experienced claims examiners in the Survivor Initial Section. This section processes the lump sum death payment awards, and the Survivor Post Section authorizes the lump sum death payment awards. Currently, only two initial claims examiners have more than three years of experience. There are initial and post Survivor training classes taking place with anticipated completion dates in FY 2020.

^{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/} This goal was lowered due to a lack of experienced initial claims examiners in both the Retirement Initial and Survivor Initial sections. Both of these sections process the initial disability payment awards, and the post retirement and survivor sections authorize the initial disability payment awards. Currently, only two initial survivor claims examiners have more than three years of experience, and only two initial retirement claims examiners have more than five years of experience. There are initial Retirement and Survivor training classes, as well as post Retirement and Survivor training classes taking place with expected completion dates in FY 2020.

^{7/} The payment accuracy rate is the percentage of the dollars paid correctly as a result of adjudication actions performed.

^{8/} The actual results represent status as of March 31, 2019.

^{9/} Field Service is continuing to see high staff attrition rates which currently stands at 13.9% (34 FTEs) since the start of FY 2019. Although we were able to hire 21 new Claim Representatives in multiple field office locations late in FY 2019 and hope to be able to hire again in FY 2020, the ongoing loss of experienced Field Service employees is directly attributable to the decrease in the goal (96% to 95%) for III-B-2a under the President's Proposed funding level for FY 2021.

^{10/} OMB granted reporting relief for the RRA improper payment program in July 2018. Therefore, goals and reporting of RRA improper payments is not applicable for FY 2018, FY 2019, and FY 2020. Reporting for this program will resume in FY 2021.

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, [\$16,000,000] *\$13,000,000*, which shall include amounts becoming available in fiscal year [2020] *2021* pursuant to section 224(c)(1)(B) of Public Law 98–76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: *Provided*, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.

Note: A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

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, [\$16,000,000] <i>\$13,000,000</i>, which shall include amounts becoming available in fiscal year [2020] <i>2021</i> pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: <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 2020 appropriation was enacted on December 20, 2019, pursuant to the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).</i></p>	<p>The proposed appropriation language provides \$13,000,000 to the Dual Benefits Payments Account for payment of vested dual benefits. Of the \$13,000,000, 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	<u>Fiscal Year 2020</u>		<u>Fiscal Year 2021</u>	
	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	\$16,000,000 <u>a/</u>	Indefinite	\$13,000,000

a/ A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

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>	
2012	51,000,000	---	---	50,914,950	b/
2013	45,000,000	---	---	50,914,950	c/
2014	39,000,000	---	---	39,000,000	d/
2015	34,000,000	---	---	34,000,000	e/
2016	29,000,000	---	---	29,000,000	f/
2017	25,000,000	---	---	25,000,000	g/
2018	22,000,000	22,000,000	22,000,000	22,000,000	h/
2019	19,000,000	19,000,000	19,000,000	19,000,000	i/
2020	16,000,000	16,000,000	16,000,000	16,000,000	j/
2021	13,000,000				

- 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 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).
- c/ Amount reflects an appropriation of \$50,914,950 provided by the *Consolidated and Further Continuing Appropriation Act, 2013* (P.L. 113-6).
- d/ Amount reflects an appropriation of \$39,000,000 provided by the *Consolidated Appropriation Act, 2014* (P.L. 113-76).
- e/ Amount reflects an appropriation of \$34,000,000 provided by the *Consolidated and Further Appropriation Act, 2015* (P.L. 113-235).
- f/ Amount reflects an appropriation of \$29,000,000 provided by the *Consolidated Appropriations Act, 2016* (P.L. 114-113).
- g/ The *Consolidated Appropriations Act, 2017* (P.L. 115-31) provided \$25,000,000 for the Dual Benefits Payments Account.
- h/ The *Consolidated Appropriations Act, 2018* (P.L. 115-141) provided \$22,000,000 for the Dual Benefits Payments Account.
- i/ 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).
- j/ Amount reflects an appropriation of \$16,000,000 a full year 2020 appropriation was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

Funding Sources

The proposed fiscal year 2021 appropriation language calls for funding from the following source.

<u>Funding Sources</u>	<u>Budget Authority <u>a/</u></u>
General revenue	\$13,000,000
[Of the \$13,000,000 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 2019 Actual</u>	<u>Fiscal Year 2020 Enacted</u>	<u>Fiscal Year 2021 President's Budget</u>
Appropriation, excluding 2% contingency reserve (general funds of the Treasury)	\$19,000,000	\$16,000,000	\$13,000,000
Transfer from other accounts (Federal Payments to the Railroad Retirement Accounts)	<u>798</u> <i>a/</i>	<u>2,000</u> <i>a/</i>	<u>2,000</u> <i>a/</i>
Subtotal:	\$19,000,798	\$16,002,000	\$13,002,000
Less:			
Unobligated balance	<u>\$1,785,051</u>	<u>---</u>	<u>---</u>
Total obligations (payments to beneficiaries)	<u>\$17,215,747</u>	<u>\$16,002,000</u>	<u>\$13,002,000</u>

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

Note: A full year 2020 appropriation was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

Explanation of 2021 Request

This is the 46th 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 2021 appropriation language provides for 12 monthly payments to this account from general revenues and specifies that \$13,000,000 be appropriated for benefits. In addition, the proposed language provides that an additional amount not to exceed 2 percent of the \$13,000,000 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] 2022, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98–76.

Note: A full-year 2020 appropriation for this account was enacted on December 20, 2019, pursuant to the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

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] 2022, 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 2020 appropriation for this account was enacted on December 20, 2019, pursuant to the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).</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	Fiscal Year 2020		Fiscal Year 2021	
	Authorized	Current Estimate	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 2020 appropriation for this account was enacted on December 20, 2019, pursuant to the *Further Consolidated Appropriations Act, 2020* (P.L. 116-94).

Appropriations History Table

Fiscal Year	President's Budget Estimate to the Congress	House Allowance	Senate Allowance	Appropriation/ Continuing Resolution
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
2020	150,000	150,000	150,000	150,000 <u>a/</u>
2021	150,000			

a/ Reflects the appropriation made available by the *Further Consolidated Appropriations Act. 2020* (P.L. 116-94)

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 2019 Actual</u>	<u>Fiscal Year 2020 Enacted</u>	<u>Fiscal Year 2021 President's Budget</u>
Appropriation	\$150,000	\$150,000	\$150,000
Plus:			
Unobligated balance, start of year	<u>150,000 a/</u>	<u>150,000 a/</u>	<u>150,000 a/</u>
Subtotal:	\$300,000	\$300,000	\$300,000
Less:			
Unobligated balance, end of year	<u>291,685</u>	<u>250,000</u>	<u>250,000</u>
Total obligations	<u>\$ 8,315</u>	<u>\$50,000</u>	<u>\$50,000</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 2021 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 2021 provides that funds would be available for 2 years, through September 30, 2022.

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Information Technology (IT)

A Railroad Retirement Board Transformation

Currently, the agency performs mission essential functions in a legacy mainframe environment that has become costly and extremely resource heavy to maintain and protect. Through the Congress' continued support of the Agency's IT Modernization Program and related initiatives since fiscal year (FY) 2018, the Railroad Retirement Board (RRB) has embarked on a solid path toward moving its mission essential functions to a secure, reliable enterprise IT environment; streamlining core business processes; and achieving more efficient and effective benefits administration.

Several of the seven initiatives identified early in this modernization journey afforded the RRB opportunities to learn two major lessons (see Table 1, *Mapping of Seven IT Initiatives to the RRB Transformation Phases*). The first lesson learned was that the RRB's IT Modernization Program, which focused on seven initiatives was narrowly defined and did not capture significant portions of the Agency's enterprise IT environment requiring update. Secondly, while making significant progress on the seven initiatives we learned that the Agency now has the opportunity to not only **modernize** its IT systems, but also to more importantly **transform** its core business processes and customer service capabilities. Therefore, in order to capture the significance of this endeavor, the Agency will refer to this effort, as not simply an IT Modernization, but a RRB Transformation (Transformation), with clearly defined outcomes the RRB intends to measure and achieve. These outcomes are as follows:

- Effective, Timely and Accurate Benefits Administration
- Improvement of Program Integrity
- Improvement of Customer Experience
- Secure, Reliable Use of Current Technologies

The outcomes of "Effective, Timely and Accurate Benefits Administration" and "Secure, Reliable Use of Current Technologies" align to the Agency's Strategic Goal to "Modernize IT Operations to Sustain Mission Essential Services." The outcomes of "Effective, Timely and Accurate Benefits Administration" and "Improvement of the Customer Experience" align to the "Provide Excellent Customer Service" strategic goal. Finally, the outcomes of "Improvement of Program Integrity" and "Secure, Reliable Use of Current Technologies" align to the "Serve as Responsible Stewards for Our Customer's Trust Fund and Agency Resources" strategic goal. Performance metrics to measure the RRB's progress are under development and will be included in the Agency's FY 2022 Budget Submission.

This phased approach allows the Agency to **transform** both the technologies and business processes to make the RRB more efficient and effective. From an IT perspective, the RRB plans to target the 70+ legacy applications and transition its platforms to support continuous delivery of capability enhancements securely and reliably. From a business perspective, the core process modernizations will span the continuum, to include streamlining the Agency's core training program for claims examiner as well as infusing greater flexibility and efficiency into benefit calculations and/or adjustments.

RAILROAD RETIREMENT BOARD

Introduction to the RRB Transformation Roadmap

The Transformation consists of three phases – ***Stabilize*** (FY 2020-2021), ***Modernize*** (FY 2021-2023), and ***Perform*** (FY 2023-2024). The following table clarifies the alignment of the original seven initiatives to the proposed Phased RRB Transformation, along with total expended costs as of January 21, 2020.

Table 1: Mapping of Seven IT Initiatives to the RRB Transformation Phases			
IT Modernization Initiative	Project Description	Committed/Obligated	RRB Transformation Phase(s)
Legacy Systems Replatform Services (LSRS)	Transition the mainframe system to a cloud based system	\$4,412,325	Stabilize - Modernize
Legacy Systems Modernization Services (LSMS)	Reengineer RRB’s legacy systems	\$3,560,079	Modernize - Perform
Cybersecurity	Improve overall security posture and subsequently FISMA metrics	\$325,719	Stabilize - Modernize - Perform
Citizen-Centric Services (CCS)	Composed of two projects: online customer and paperless processing capabilities	\$0	Modernize – Perform
Records Management	Transition to electronic recordkeeping in accordance with OMB M-19-21	\$0	Stabilize-Modernize-Perform
Enterprise Infrastructure Solutions (EIS)	Update infrastructure components and enterprise applications and office automation	\$3,742,140	Stabilize – Modernize
Financial Management Integrated System (FMIS) Upgrade	Upgrade the official financial management system from version 7.03 to 7.6	\$1,854,446	Stabilize
TOTAL		\$13,894,709	

The Agency will continue its effort to complete the Stabilize phase and begin activities in the Modernize phase; as such, the Agency is requesting \$13,850,000 for FY 2021. Then in fiscal years 2022 and 2023, the Agency plans to request the remaining funding needed to complete the Transformation, currently estimated at \$21,325,000. Table 2, *A Railroad Retirement Board Transformation Roadmap*, details the funding allocation and budget request by phase.

FY 2021 BUDGET REQUEST: INFORMATION TECHNOLOGY (IT)

<i>Table 2: A Railroad Retirement Board Transformation Roadmap</i>							
<u>Phase</u>	<u>Specific IT Initiatives</u>	<u>Committed/ Obligated</u>	<u>Planned Allocation of Funding in FY 2020 & 2021</u>	<u>FY 2021 Budget Request</u>	<u>FY 2022 Budget Request</u>	<u>FY 2023 Budget Request</u>	<u>Total Estimated Project Costs</u>
Stabilize	<ul style="list-style-type: none"> • LSRS (Re-Platform) • LSMS (Re-engineering) <ul style="list-style-type: none"> ○ CCS ○ Records Management ○ Program Management Support ○ Advisory Support • LSMS – Preparation for Modernize Phase <ul style="list-style-type: none"> ○ Business Rules Engine ○ Data Strategy ○ DevOps • Infrastructure Upgrades <ul style="list-style-type: none"> ○ Enterprise Servers, Storage, Network ○ EIS ○ End User Computing (Win 10) • Secure the Enterprise (Cyber Security /POAMs) • FMIS Upgrade 	\$13,894,709	\$4,524,860	\$0	\$0	\$0	\$18,419,569
Modernize	<ul style="list-style-type: none"> • Business Rules Engine • LSMS <ul style="list-style-type: none"> ○ Application Rationalization ○ CCS (CRM) ○ Records Management ○ Management Processes ○ Imaging/Document Management System ○ Reporting and Audit • Secure the Enterprise (Cyber Security /POAMs) 	\$0	\$11,580,431	\$13,850,000	\$13,350,000	\$7,225,000	\$46,005,431
Perform	Post Implementation Monitoring	\$0	\$0	\$0	\$500,000	\$250,000	\$750,000
	TOTAL	\$13,894,709	\$16,105,291	\$13,850,000	\$13,850,000	\$7,475,000	\$65,175,000

A Railroad Retirement Board Transformation Overview

Stabilize – Modernize – Perform

PHASE 1: STABILIZE

To stabilize the enterprise means the RRB must ensure that the components of its information systems and the ecosystem in which they reside must use current, sustainable technologies that will allow the RRB to secure and maintain the systems in today's world. The components of RRB's current infrastructure that serve as the basis for its information systems still leverages technologies that are over 40 years old. An overwhelming majority of its infrastructure components are at end of life or end of support status meaning these components are no longer supported by the respective vendors. This critical phase is the foundation and lays the groundwork for the RRB to modernize its systems and business processes successfully and in accordance with strategic goals and objectives. The remainder of this section discusses the focus areas during the Stabilize phase of the Transformation.

Establish a Cloud Presence

The RRB continues its effort to establish its cloud presence. The Agency plans to complete the Re-platform of its mainframe into the Microsoft Azure Cloud OpenFrame Environment in FY 2020. To date, the RRB has been reporting its intention to complete the Re-Platform by May 2020. The RRB is now certain it will not make this milestone due to scheduling delays related to several testing activities and remediation of security items required to manage risks associated with moving its mainframe to a cloud environment. Out of an abundance of caution, the RRB believes it is best to take the time it needs to mitigate the risks of an incomplete test process and potential security vulnerabilities.

Infrastructure Modernization

Infrastructure refers to the compute, storage, and network aspects of IT services and extends to end user computing aspects of IT services that include desktop and telecommunications services. Additionally, the location of the resources that provide these services span across those resources located on-premise to those located within a data center. Specifically, the key components of the infrastructure modernization include:

- The wide area network (WAN) and unified communications (UC) implementation, through the EIS transition,
- The modernization of the server footprint and enterprise storage solution to Azure Stack,
- The update of the desktop computing environment to Windows 10, and
- The development of a functioning development and test environment, which best positions the RRB for future continuous delivery.

Improve Security Posture

The efforts to improve the security posture of the RRB enterprise focus first on open plan of action and milestones (POA&Ms) from previous years, specifically, FY 2017 and FY 2018. The RRB anticipates this focus will position it to document significant improvements across the five domains captured in the annual Federal Information Security Management Act (FISMA) audit. Additionally during FY 2020, the RRB will identify metrics it will use to measure its

performance implementing and monitoring a more secure environment. This step and future incremental actions, will better position the RRB to reach an “effective” rating across the five domains; ultimately leading to an overall “effective” rating for the agency near the end of the Transformation.

Preparation for Legacy Application Rationalization

The final major activity of the Stabilize phase centers on the preparation for legacy application rationalization planned for the next phase, Modernize. This activity includes, but is not limited to:

- Developing and implementing the data strategy and plan;
- Establishing of the business rules strategy and plan; and
- Fortifying change management processes that play an integral part of the rationalization such as program management, change management, configuration management, and systems management, etc.

As the RRB modernizes its IT infrastructure, systems, and applications, it also seeks to simplify its operational support model. Currently, the RRB leverages more than 10 distinct contracts to manage the delivery and sustainment of its IT services. As the agency executes this transformation, it intends to simplify its contract support structure and reduce the number of distinct contracts by 50%. This will afford the RRB the opportunity to acquire contractor support where needed and retain ownership for inherently governmental components, as necessary.

PHASE 2: MODERNIZE

Modernization consists of the activities the RRB will undertake to optimize mission-essential functions across people, process, and technology areas. These activities focus, on not only IT people and processes, but also those of the business area people and processes. In addition to modernizing information systems to leverage securable, more current technologies, preparation of the RRB workforce to use these technologies effectively and efficiently must be included in the plan to ensure a successful transformation.

The Modernize Phase consolidates two of the projects outlined in the original seven initiatives, specifically the Citizen Centric Services and Records Management, into the next steps for the Legacy Systems Management Services (LSMS) project. Originally, these two initiatives were separate initiatives. In combining these initiatives with the overall LSMS approach, the RRB leverages the opportunity to meet the requirements for these two initiatives as part of an integrated approach to meeting overall business process re-engineering requirements. This method provides the RRB the opportunity to approach the modernization of systems and business processes more holistically and therefore more effectively.

The RRB requests \$13,850,000 for the Modernize phase in FY 2021 to ensure continued progress. The primary focus of the Modernize phase will be the intended outcomes, namely Improving Program Integrity and Improving Customer Experience. Focus on these outcomes will require an IT-focused set of activities and milestones, but will also include business-focused activities and milestones addressing inefficiencies the RRB recognizes as challenges to achieving

intended outcomes mentioned above.

Improving Program Integrity

Today, analysis of mission performance requires significant human effort. The majority of benefit calculation adjustments or changes to customer data are manual and, therefore, requires significant human intervention. A major tenet of the design and implementation of modernized applications and systems will be to automate and streamline portions of business processes and workflows to reduce the amount of human intervention required to ensure the accuracy and integrity of benefit programs. The RRB will devote significant resources to focus on development and implementation of a data strategy that addresses the consolidation and cleansing of numerous, disparate data sources currently in existence. Additionally, the RRB seeks to simplify the business rules, or benefit calculations, which are govern how it determines benefits. Currently, these calculations exist in over 15 separate applications. The RRB will design and implement a business rules engine capability that streamlines the business processes and positions the RRB for efficient continuous improvement going forward. At the high level, the RRB intends to transform its business processes based on information and data produced by its systems and applications. To this end, the RRB will also devote resources to more proactive reporting, audit, and analytics capabilities to augment and inform potential changes to data management processes and other mission-essential processes. As the RRB develops these and other portions of this modernization effort, it will include performance metrics for modernized systems and applications, as well as modernized business processes.

Improving Customer Experience

In order to improve the customer experience, the RRB recognizes the need to provide its customers several ways to consume its services, including online changes to customer information and ease of use when doing so. To this end, the RRB has, as a significant portion of its system modernization strategy, the addition of a customer relationship management (CRM) capability that will support its external customers, but also its internal staff. This capability will afford the RRB the opportunity to provide its external customers with interactive access to the RRB through multiple electronic devices and to provide its internal staff a streamlined, more efficient viewing of a customer's history with the RRB in one glance.

Another major effort to improve the customer experience is the modernization of the imaging and document management capability. This will afford the RRB the opportunity to simplify the upload, by the customer, of needed documentation as well as the processing of that information, by RRB staff, once in the RRB business processes.

Training the RRB Workforce

Today, training RRB claims examiners and representatives to perform mission-essential tasks, as part of the myriad of current processes, require the majority of a year to complete in some cases. This is an untenable reality for the agency. As expected, the RRB will fortify the training strategy and plan for the IT technical staff in the midst of this comprehensive modernization of systems and applications; however, RRB will also need to do the same for its core mission staff. That is to say, the technologies that RRB intends to leverage in its Transformation will require its core mission staff to interact with artificial intelligence and machine learning models through automation and sophisticated business and data analytics. This Transformation seeks to streamline mission-essential processes leveraging automation where applicable and reserving human intervention for more complex tasks, thereby reducing the training period for new RRB's claims examiners and representatives.

Secure the Enterprise

Efforts to continue to improve the security posture of the RRB continue in the Modernize Phase as the expectation increases to achieve overall "effective" rating across the five FISMA domains.

PHASE 3: PERFORM

As applications and systems capabilities become ready for transition to sustainment operations, this phase ensures successful integration and transition of these capabilities. Additionally, this phase provides for formal closeout of the modernization activities and formal hand-off to operations and maintenance support.

The RRB intends to conduct a post-implementation monitoring period for all modernized applications and re-engineered management processes, whether IT-specific or business-specific. The RRB expects to tailor the length of the post-implementation monitoring period for a given application or management process based on complexity and integration requirements. Those more complex capabilities will have a longer post-implementation period than those less complex.

There is no FY 2021 budget request for the Perform Phase. The RRB does not expect the Perform Phase to begin until FY 2022. Estimates have been included at the top line for all activities listed.

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RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment

Series	Rank	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Executive	Level III	1	1	1
	Level IV	2	2	2
Senior Executive Service	ES-00	7	7	7
General Schedule/Management	GS/GM-15	38	33	32
	GS/GM-14	69	64	58
	GS/GM-13	97	90	81
	GS-12	208	188	175
	GS-11	106	92	89
	GS-10	102	100	86
	GS-9	55	48	46
	GS-8	37	32	31
	GS-7	39	32	32
	GS-6	8	8	7
	GS-5	26	25	22
	GS-4	4	4	3
	GS-3	0	0	0
	GS-2	0	0	0
All Levels Combined	Total	799	726	672

Positions in the Office of Inspector General are excluded.

Note: The estimated 672 FTEs, provided by the President's proposed budget, is 208 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 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Average ES/SES salary	\$180,991	\$180,991	\$180,991
Average ES/SES benefits	58,730	60,302	60,302
Total, ES/SES	\$239,721	\$241,293	\$241,293
Average GS/GM salary	\$90,217	\$91,651	\$96,612
Average GS/GM benefits	29,275	30,536	31,395
Total, GS/GM	\$119,492	\$122,187	\$128,007
Average GS/GM grade	12.4	12.3	12.5

RAILROAD RETIREMENT BOARD
EMPLOYEE RELOCATION EXPENSES

	Past Year FY 2019	Current Year FY 2020	Budget Year FY 2021
Total	<u>\$170,732</u>	<u>\$380,500</u>	<u>\$239,600</u>

RAILROAD RETIREMENT BOARD

LEGISLATIVE PROPOSALS FOR FISCAL YEAR 2021

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. Such language was included in our FY 2020 Appropriations Bill and we request that the language proposed below be included in our FY 2021 Appropriations Bill, in order that the RRB may continue 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.

Energy Conservation Measures

No funds were requested in FY 2021 Budget Submission for energy conservation measures.

Acquisition Training For Fiscal Year 2021

The RRB Acquisition Workforce (AWF) consists of contracting and purchasing staff in the 1102 and 1105 series, as well as Program/Project Managers (P/PMs) and Contracting Officer Representatives (CORs) across various disciplines and job series, as set forth in OFPP policy letters. The RRB has identified budgetary resources for FY 2021 to ensure that the agency's AWF have training and development that (1) facilitates their ability to adapt to fundamental changes in the nature of Federal Government acquisition of property and services associated with the changing roles of the Federal Government; and (2) enables them to acquire new skills and a new perspective to enable the agency AWF to contribute effectively in the changing environment of the 21st century. The AWF training budget for FY 2021 will support the RRB AWF staff to both complete their required training for attaining certification levels, appropriate to their position and AWF duties, as well as to sustain their acquisition acumen by completing appropriate targeted continuous education courses that further their competencies and enable them to execute their roles in the agency's acquisition mission. Notably the AWF training plan, supported by this budget request, will maximize the use of instructor-led virtual classroom training, where available and best suited to enable the learning objectives and competency development in the RRB AWF.

Good Accounting Obligation In Government Act Reporting

RAILROAD RETIREMENT BOARD

GOOD ACCOUNTING OBLIGATION IN GOVERNMENT ACT REPORTING

Executive Summary

In accordance with the Good Accounting Obligation in Government Act or the GAO–IG Act, the Railroad Retirement Board (RRB or Agency) provides the following report. The report describes the RRB’s actions on outstanding public recommendations of the Government Accountability Office (GAO) and the RRB’s Office of the Inspector General (OIG) as of February 1, 2020.

The Appendix 1 of this report provides information on the status of implementing GAO public recommendations designated by the GAO as *Open*. The RRB, did not have any public recommendations designated by the GAO as *Closed*, *Unimplemented*, as such this topic is not addressed within the report. The Appendix 2 of this report provides implementation status of public OIG recommendations for which the RRB has not completed final action. The Appendix 3 of this report provides implementation status of OIG public recommendations designated by the OIG as *Closed*, *Unimplemented*.

In accordance with the Act, all three sections provide the required reporting elements for recommendations published not less than 1 year before the date on which the annual budget justification is submitted.¹ The GAO–IG Act also requires the agency to include a statement describing the status of implementing public recommendations open less than 1 year. With the exception of the recommendations included in Appendix 4, for the GAO and OIG recommendations meeting this parameter, as of February 1, 2020, the agency was in the process of implementing the recommendations, awaiting closure of the recommendations by the GAO or OIG, or awaiting discussions with the GAO or OIG on further action to be implemented, if any, to close the recommendations. Appendix 4, provides information on OIG public recommendations for which the Agency non-concurred that the OIG has designated as either “*Open*” or “*Closed, Unimplemented*.”

The GAO–IG Act requires the Agency to disclose discrepancies between its report and reports issued by the GAO and OIG. The Agency is not aware of any discrepancy between this report and public reports issued by the GAO relating to public recommendations designated by the GAO as *Open* or *Closed, Unimplemented*. Further, the Agency is not aware of any discrepancy between this report and semiannual reports submitted by the OIG under Section 5 of the Inspector General Act of 1978 (5 U.S.C. App.).

¹ The most recent reporting period coinciding with the date of the Justification of Budget Estimates is February 1, 2020. Therefore, the reporting details in Appendices 1 through 3 provide information on public recommendations in GAO and OIG reports issued on or before February 1, 2019.

Good Accounting Obligation In Government Act Reporting

1. GAO PUBLIC RECOMMENDATIONS:

Appendix 1: Includes the reporting details on the implementation status of GAO public recommendations designated by the GAO as *Open*. As required by the GAO-IG Act, the details include the implementation status of each public recommendation, to include a timeline for full implementation, as applicable; e.g., for several recommendations, the Agency believes it has completed final action and is awaiting GAO concurrence and closure of the recommendations.

2. OIG PUBLIC RECOMMENDATIONS:

- a. **Appendix 2:** Includes the reporting details for implementation status of OIG public recommendations for which final action has not been completed. As required by the GAO-IG Act, the details include the implementation status of each public recommendation, to include a timeline for implementation, as applicable. For several recommendations the Agency believes it has completed final action and is awaiting OIG concurrence and closure of the recommendations. Appendix 2, also provides information for OIG public recommendation for the OIG has designated as *Open*, for which the Agency has non-concurred and further action will not be taken.
- b. **Appendix 3:** Includes reporting details for recommendations designated by the OIG as *Closed*, *Unimplemented* (or *Closed without Implementation*) for report issued on or before February 1, 2019. As required by the GAO-IG Act, the reporting details include the Agency's justification for the decision not to implement the recommendations.
- c. **Appendix 4:** Includes reporting details for public recommendations that are less than 12 months old, for which the Agency has decided not to implement or has issued a "non-concur" management response that the OIG has designated as either *Open* or *Closed*, *Unimplemented* (or *Closed without Implementation*). As required by the GAO-IG Act, the reporting details include the justification for the decision not to implement each public recommendation.

Good Accounting Obligation In Government Act Reporting

Appendix 1:

**Implementation Status Of GAO Public Recommendations
Designated By The GAO As *Open***

Good Accounting Obligation In Government Act Reporting

Implementation Status of GAO Public Designated by the GAO as Open

GAO Status	Report No.	GAO Audit Title	Report date	Rec No.	Responsible Organization	Recommendations	Timeline for Full Implementation	Justification for Decision Not to Implement
OPEN	GAO-18-287	Railroad Retirement Board Continuing Disability Reviews	2/21/2018	1	Programs	To enhance RRB's ability to manage and oversee its CDR program, RRB should develop a standard for the timely processing of disability program overpayments identified through CDRs.	FY 2020	Not applicable. Implementation is in progress.
OPEN	GAO-18-287	Railroad Retirement Board Continuing Disability Reviews	2/21/2018	3	Programs	To enhance RRB's ability to manage and oversee its CDR program, RRB should routinely compile and analyze CDR program data, such as the number of cases selected for review, the number of beneficiaries in each medical improvement category, outcomes, and the costs and benefits of conducting CDRs, to improve program oversight.	FY 2020	Not applicable. Implementation is in progress.
OPEN	GAO-18-323	Railroad Retirement Board Financial Interchange with the Social Security Administration and Department of Health and Human Services	4/19/2018	1	Actuary	The Board should work with SSA to explore options for obtaining data electronically and limiting the reliance of the financial interchange process on manual data entry.	FY 2020	Not applicable. Implementation is in progress.
OPEN	GAO-18-323	Railroad Retirement Board Financial Interchange with the Social Security Administration and Department of Health and Human Services	4/19/2018	2	Actuary	The Board should produce written documentation on the financial interchange process such that a knowledgeable third party could carry out and replicate its process consistently without further explanation.	FY 2022	Not applicable. Implementation is in progress.
OPEN	GAO-18-323	Railroad Retirement Board Financial Interchange with the Social Security Administration and Department of Health and Human Services	4/19/2018	3	Actuary	The Board should produce written documentation of its computer system and its structure, such as a manual for the computer system, and data dictionary to provide information on the data elements in the system, their definitions, descriptions, and range of potential values.	FY 2020	Not applicable. Implementation is in progress.
OPEN	GAO-18-323	Railroad Retirement Board Financial Interchange with the Social Security Administration and Department of Health and Human Services	4/19/2018	4	Actuary	The Board should produce written documentation of its procedures for instances when staff override error alerts generated by its computer system.	FY 2020	Not applicable. Implementation is in progress.
OPEN	GAO-18-323	Railroad Retirement Board Financial Interchange with the Social Security Administration and Department of Health and Human Services	4/19/2018	5	Actuary	The Board should produce formal policies on how the work of staff performing the financial interchange is reviewed.	FY 2020	Not applicable. Implementation is in progress.
Total			7					

Appendix 2:

**Implementation Status of OIG Public Recommendations for Which
Final Action Has Not Been Completed**

Good Accounting Obligation In Government Act Reporting Implementation Status of OIG Public Recommendations for Which Final Action Has Not Been Completed

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	Timeline for Full Implementation	RRB Component	RRB Concur or Non-concur	Explanation why No Final Action or Action Not Recommended Has Been Taken	Comments
OPEN	Fiscal Year 2007 Evaluation of Information Security at the Railroad Retirement Board	07-08	9/27/2007	6	The Bureau of Information Services should schedule the major application systems for off-site testing to ensure that all major applications are tested on a rotational basis in a reasonable amount of time.	FY 2020	BIS	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Fiscal Year 2007 Evaluation of Information Security at the Railroad Retirement Board	07-08	9/27/2007	7	The Bureau of Information Services should perform a physical inventory of information technology hardware and update the agency's official fixed asset inventory system.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	
OPEN	Fiscal Year 2008 Evaluation of Information Security at the Railroad Retirement Board	08-05	9/30/2008	3	The Bureau of Information Services should develop a comprehensive plan for the testing and evaluation of the agency's contractor operations.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	
OPEN	Fiscal Year 2008 Financial Statement Audit Letter to Management	09-02	3/24/2009	12	The Office of Programs should identify and correct cases in which an incorrect Medicare Part B penalty is being collected.	FY 2021	Programs	Concur	Other. See related comments.	On March 26, 2019, the OIG opened a new audit called Audit of Controls Over Railroad Medicare Premium Accuracy addressing the calculation of Medicare premiums and penalties. The OIG plans to address both open recommendations No. 12 and 13 during this new audit.
OPEN	Fiscal Year 2008 Financial Statement Audit Letter to Management	09-02	3/24/2009	13	The Office Programs should assess the current control environment to determine what action may be necessary to minimize the risk of errors in Medicare Part B premiums.	FY 2021	Programs	Concur	Other. See related comments.	See comments to Audit Report No. 09-02, Recommendation 12 above.
OPEN	Audit of the Railroad Medicare Integrity Program at Palmetto Government Benefits Administration	09-04	9/25/2009	2	RRB Officials should request that Palmetto officials identify and monitor the specific benefit integrity cost components either through revised Contractor Administrative Budget and Financial Management System II activity reporting or independently of the Contractor Administrative Budget and Financial Management System II process.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Review of Statistical Methods Employed in the Financial Interchange Determination	10-06	5/4/2010	1	KPMG recommends that the RRB Bureau of Actuary improve its documentation of the sampling employed in the Financial Interchange process by: Creating a single document that explains the process used to create the sampling frame and sample, including source database(s) used, the variables of interest, and the programs/media used to execute the process steps. The documentation should be written such that a person with the requisite skills, but without knowledge of the Financial Interchange calculations, could understand and replicate the sampling process.	FY 2022	Actuary	Concur	Not applicable. Implementation is in progress.	

Good Accounting Obligation In Government Act Reporting

Implementation Status of OIG Public Recommendations for Which Final Action Has Not Been Completed

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	Timeline for Full Implementation	RRB Component	RRB Concur or Non-concur	Explanation why No Final Action or Action Not Recommended Has Been Taken		Comments
OPEN	Review of Statistical Methods Employed in the Financial Interchange Determination	10-06	5/4/2010	5	KPMG recommends that the RRB Bureau of Actuary Test more than one post-stratification method, and employ the method that minimizes the sampling error.	FY 2022	Actuary	Concur		Not applicable. Implementation is in progress.	
OPEN	Review of the Technical Approach and Methodology Used to Determine the Annual Financial Interchange Amount for the FY Ended 08	10-07	5/19/2010	1	KPMG recommends that the RRB Bureau of Actuary improve its documentation of the processes employed in the Financial Interchange process by: •Creating a single document that explains the processes (including data source(s) used, inputs and output of interest, assumptions, files and media employed and timing) that are implemented to calculate the amounts referenced in the 57th Financial Interchange determination. Beyond describing the detailed steps that must be executed, describe the purpose of each step, and how that step relates to the overall process. The documentation should be written such that a person with the requisite skills, but without the knowledge of the Financial Interchange calculations, could understand and replicate the process.	FY 2022	Actuary	Concur		Not applicable. Implementation is in progress.	
OPEN	Review of the Accuracy of the Financial Interchange as Executed for the Year Ended September 30, 2008	10-10	5/25/2010	1	KPMG recommends that the RRB Bureau of the Actuary improve its documentation of the processes employed in the Financial Interchange process by: Creating a single document that explains the processes (including data source(s) used, inputs and output of interest, assumptions, files and media employees and timing) that are implemented to calculate the amounts referenced in the 57th Financial Interchange determination. Beyond describing the detailed steps that must be executed, describe the purpose of each step, and how that step relates to the overall process. The documentation should be written such that a person with the requisite skills, but without knowledge of the Financial Interchange calculations, could understand and replicate the process.	FY 2022	Actuary	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of Unilateral Disability Freeze Determinations	10-11	8/12/2010	5	The Office of Programs should develop a mechanism and procedures to update the unilateral freeze codes in the Payment Rate and Entitlement History system when the RRB obtains new information that changes the status of the freeze.		Programs	Concur		Other. See related comments.	The RRB began a multi-phased IT initiative that will incorporate this recommendation as part of the larger re-engineering effort. Given the multitude of process updates, it is difficult for the Office of Programs to provide direct estimates as to when this recommendation can be addressed.

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OPEN	Audit of Controls Over Railroad Medicare Contract Costs	11-06	4/20/2011	1	RRB Officials should review the total costs of \$3.1 million and \$3.7 million incurred by the Customer Service Unit and Medical Review Unit during fiscal years 2008 and 2009 and determine if they are allowable.	FY 2020	Administration	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of Controls Over Railroad Medicare Contract Costs	11-06	4/20/2011	4	RRB officials should review the Optical Character Recognition Unit's total questioned costs of \$168,539 and determine if they are allowable.	FY 2020	Administration	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of Controls Over Railroad Medicare Contract Costs	11-06	4/20/2011	10	RRB officials should work with Palmetto to identify the cause of the inconsistencies and initiate corrective actions.	FY 2020	Administration	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of Controls Over Railroad Medicare Contract Costs	11-06	4/20/2011	11	RRB officials should require Palmetto to establish controls and procedures that will timely and effectively identify significant differences impacting Railroad Medicare contract performance and the integrity of claims volume, hours charged, and costs billed.	FY 2020	Administration	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of Railroad Retirement Act Benefit Overpayment and Internal Controls	11-07	6/29/2011	9	The Office of Programs should work with the management control review committee to revise management control documentation to be consistent with Government Accountability Office guidance for internal controls.	FY 2020	Programs	Concur		Not applicable. Implementation is in progress.	
OPEN	Fiscal Year 2011 Financial Statement Audit Letter to Management	12-04	1/31/2012	5	Bureau of Actuary should modify their procedure for updating the Policies and Procedures for Actuarial Projections to include a comprehensive review of all sections and checklists, and ensure timely and full compliance with the new requirements.	FY 2020	Actuary	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of Job Duty Verification Procedures for Long Island Railroad Occupational Disability Applicants	13-02	1/15/2013	1	The Office of Programs should modify occupational disability procedures to comply with the CFR and ensure that every reasonable effort is made by the District Office staff and/or the Disability staff to obtain the Job Information Form from the railroad employer during the established response period.	FY 2021	Programs	Concur		Other. See related comments.	Revisions to the Job Information Form (G-251A), along with related procedures and instructions for employers were agreed upon by the three-member Board as part of the agency's Disability Process Improvement Plan (DPIP). The DPIP was submitted to the OIG to close numerous recommendations. The Board and the Office of Programs continue to work with the OIG to satisfy the intent of recommendations related to topics addressed by the DPIP.
OPEN	Audit of Job Duty Verification Procedures for Long Island Railroad Occupational Disability Applicants	13-02	1/15/2013	3	The Office of Programs should send or route the Job Information Forms to the applicant's direct supervisor, and require the direct supervisor to certify the information given in the space provided on the appropriate Job Information Form.	FY 2021	Programs	Concur		Other. See related comments.	See comments to Audit Report No. 13-02, Recommendation 1 above.

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OPEN	Audit of Job Duty Verification Procedures for Long Island Rail Road Occupational Disability Applicants	13-02	1/15/2013	4	The Office of Programs should consider extending the employer response period to forward the Job Information Forms and related documentation to the RRB.	FY 2021	Programs	Concur	Other. See related comments.	See comments to Audit Report No. 13-02, Recommendation 1 above.
OPEN	Audit of Job Duty Verification Procedures for Long Island Rail Road Occupational Disability Applicants	13-02	1/15/2013	5	The Office of Programs should perform a study to determine the reasons for the railroad employers' failure to return the Job Information Forms, and take corrective action to elicit better responses based on their findings.	FY 2021	Programs	Concur	Other. See related comments.	See comments to Audit Report No. 13-02, Recommendation 1 above.
OPEN	Audit of the Railroad Retirement Board's Compliance with the Government Charge Card Abuse Prevention Act of 2012	13-10	9/19/2013	1	The Office of Administration should update management control review documentation for the Procurement Assessable Unit to include a control for periodic continuing need reviews of charge card holders.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Railroad Retirement Board's Compliance with the Government Charge Card Abuse Prevention Act of 2012	13-10	9/19/2013	2	The Office of Administration should develop written procedures for continuing need reviews, to include when and how often the review should be performed.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Railroad Retirement Board's Privacy Program	13-11	9/20/2013	3	The Bureau of Information Services should revise their methods for identifying contractor personnel and distributing the annual privacy training, and implement a control to verify that all contractors receive annual privacy training.	FY 2020	BIS	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Audit of the Railroad Retirement Board's Privacy Program	13-11	9/19/2013	5	The Office of Administration, Bureau of Human Resources, should update the materials that are provided to new employees with the updated privacy and security awareness training documents.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Railroad Retirement Board's Privacy Program	13-11	9/20/2013	6	The Bureau of Information Services should revise Administrative Circulars IRM-2 and IRM-15 to reflect current security and privacy documents and procedures.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Railroad Retirement Board's Privacy Program	13-11	9/20/2013	8	The Bureau of Information Services should develop a strategic organizational privacy plan that is multi-organizational and represents the RRB as a whole.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Railroad Retirement Board's Privacy Program	13-11	9/20/2013	9	The Bureau of Information Services should develop a policy for the validation of personally identifiable information.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	

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OPEN	Audit of the Railroad Retirement Board's Privacy Program	13-11	9/20/2013	10	The Bureau of Information Services should develop a policy on communication between bureaus regarding changes in personally identifiable information.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Railroad Retirement Board's Privacy Program	13-11	9/20/2013	11	The Bureau of Information Services should develop a policy on the use and protection of personally identifiable information in testing, training, and research.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of Railroad Retirement Act Dual Spouse Annuity Adjustments	14-04	3/20/2014	3	The Office of Programs should take action to correct the amount of the spouse annuities for the five error cases cited, and to establish overpayments as appropriate.		Programs	Concur	Other. See related comments.	On October 31, 2014, Programs submitted implementation documentation to the OIG who subsequently determined that legal authority in 20 CFR §261.11 (discretion of the three-member Board to reopen or not to reopen a final decision) to correct errors has not been utilized to correct known overpayments. Consequently, on the advice of the Office of General Counsel, OP will take no further action (refer cases to the Board for a reopening decision) based on a parallel handling at SSA (reference L-2004-12).
OPEN	The Railroad Retirement Board Lacks Adequate Controls Over Creditable Compensation Related to Injury Settlements	15-03	1/29/2015	1	Office of Programs should track creditable compensation related to injury settlements and the effect on benefit eligibility.		Programs	Non-concur	Other. See related comments.	Employers covered under the RRA are required by law to accurately report service and compensation paid to their employees for services rendered. The service and compensation agreed to in an injury settlement is reported on Form BA-3 (Annual Report) or Form BA-4 (Adjustment Report). The agency performs routine audits of employer's earnings reports that include injury settlements as part of the audit process and provides periodic training and written material on how to report settlements to employers. The Office of Programs maintains that the audits, backed by law, provide sufficient tracking of creditable compensation and compliance with agency regulations for reporting of compensation.
OPEN	The Railroad Retirement Board Lacks Adequate Controls Over Creditable Compensation Related to Injury Settlements	15-03	1/29/2015	2	Office of Programs should implement controls to ensure compliance with agency regulations related to service months credited from an injury settlement. At a minimum, the agency should require railroad employers to submit supporting documentation for any service and compensation reported as part of an injury settlement. The documentation should include both the legal settlement and an allocation worksheet. This documentation should be readily available for examination and periodically reviewed.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 15-03, Recommendation 1 above.

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OPEN	Fiscal Year 2014 Financial Statement Audit Letter to Management	15-05	3/31/2015	2	The Bureau of Fiscal Operations should develop and implement new controls for financial reporting.	FY 2020	BFO	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Fiscal Year 2014 Financial Statement Audit Letter to Management	15-05	3/31/2015	8	The Board should establish an independent committee that will work to identify a functional solution that will enable communication between the OIG and the NRRIT's component auditor and achieve compliance with the AICPA's standards.		Board	Non-concur	Other. See related comments.	The Agency will continue to cooperate with the OIG and provide all NRRIT related information within its possession which the OIG requests. The Agency does not have the authority to compel the NRRIT auditors to provide their work papers to, or speak with the OIG. Effective for the review of NRRIT's FY 2018 financial statements, the NRRIT and the United States Government Accountability Office (GAO) entered into an MOU dated October 31, 2018 that gave GAO access to information supporting NRRIT's financial information included in the government-wide financial statements.
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2014 PAR	15-06	5/15/2015	1	The Executive Committee should take all of the necessary steps to prepare and submit the required plans within the 90 day reporting requirement.		EC	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2014 PAR	15-06	5/15/2015	2	The Executive Committee should ensure that the necessary policies and procedures are developed and documented for the agency's use for the preparation of a risk assessment process that meets Improper Payments Elimination and Recovery Act of 2010 requirements.		EC	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2014 PAR	15-06	5/15/2015	6	The Office of Programs should revise and document their definitions of improper underpayments for the Railroad Retirement Act program in compliance with Improper Payments Elimination Act of 2010 guidance, and if similar definitions are used for other programs, revise them accordingly.		Programs	Concur	Other. See related comments.	Based on RRB OGC legal opinion, we took corrective actions to re-classify all recomputations and all mass adjustment rejects from proper to improper and continue to classify application or adjustment of all temporary or permanent work deductions and underpayments resulting from initial supplemental annuities as proper payments.
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2014 PAR	15-06	5/15/2015	9	The Office of Programs should develop and document the necessary policies and procedures for the review and validation of the Railroad Unemployment Insurance Act improper payment data to be reported in the Performance and Accountability Report.		Programs	Non-concur	Other. See related comments.	This recommendation was the result of calculation discrepancies by the Bureau of the Actuary (BAR). BAR agreed that Office of Programs could not validate Actuarial values or calculations. RRB is working with the OIG to transfer Report 15-06: Recommendations #9 and #10 to BAR.
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2014 PAR	15-06	5/15/2015	10	The Office of Programs should ensure that the proper controls are in place to make sure that the policies and procedures are followed to properly support the improper payment data reported for Railroad Unemployment Insurance Act program.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 15-06, Recommendation 9 above.

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OPEN	Railroad Retirement Board Medicare Contract Oversight Did not Effectively Mitigate Chiropractic Risks	15-07	6/4/2015	7	The Office of Programs should ensure that Palmetto applies statistical analysis and stratified random sampling where practical to the high volume risk categories.	FY 2020	Programs	Concur	Not applicable. Implementation is in progress.	
OPEN	Railroad Retirement Board Medicare Contract Oversight Did not Effectively Mitigate Chiropractic Risks	15-07	6/4/2015	9	The Office of Programs should work with Palmetto and the Centers for Medicare and Medicaid Services to conduct a thorough cost benefit analysis that will identify the resources needed to maximize timely and efficient recovery of improper payments for chiropractic services over the five year recovery period.		Programs	Non-concur	Other. See related comments.	The RRB did perform a preliminary cost benefit analysis which determined that implementation of this recommendation would not result in a positive return on the dollars invested. The RRB does not believe additional input by CMS would add to the analysis, and therefore seeks closure of this recommendation.
OPEN	Railroad Retirement Board Medicare Contract Oversight Did not Effectively Mitigate Chiropractic Risks	15-07	6/4/2015	10	The Office of Programs should work with Palmetto and the Centers for Medicare and Medicaid Services to recover the improper chiropractic service payments for the five year period, where determined to be cost effective based on an accurate cost benefit analysis.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 15-07, Recommendation 9 above.
OPEN	Railroad Retirement Board Medicare Contract Oversight Did not Effectively Mitigate Chiropractic Risks	15-07	6/4/2015	11	The Office of Programs should work with Palmetto and the Centers for Medicare and Medicaid Services to share information identified during the post-payment reviews as appropriate with the Recovery Audit Contractors and Zone Program Integrity Contractors where it can be used to identify improper or fraudulent non-Railroad Medicare chiropractic service payments.	FY 2020	Programs	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	1	The Office of Administration should strengthen internal controls to ensure that purchase card training is completed by each purchase card holder within the timeframes required by Office of Management and Budget and agency guidance.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	3	The Office of Administration, in collaboration with other agency management, should develop and document formal agency procedure for changes made to authorized approvers in the travel system.	FY 2020	Administration	Concur	Not applicable. Awaiting OIG closure of recommendation.	

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OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	4	The Office of Administration, in collaboration with other agency management, should review and revise approval privileges in the RRB's travel system to ensure that the principles for segregation of duties and proper execution of transactions are observed.	FY 2020	Administration	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	6	The Office of Programs should increase the quantity of cases during its quality assurance review for medical examinations and consultative opinions to ensure that the cases reviewed are representative of the number of cases processed each quarter.		Programs	Non-concur	Other. See related comments.	In response to a similar Recommendation No. 6 in Audit Report No. 16-02, we increased the sampling size of disability decisions with completed exams and opinions to a statistically representative size. The OIG accepted our request for closure of Recommendation No. 6, Audit Report No. 16-02. Therefore, the Agency considers Recommendation No. 6, Audit Report No. 15-08 to be obsolete.
OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	9	The Bureau of Fiscal Operations should strengthen internal controls by establishing a due date for formal responses from all organizations with open obligations to ensure better management of these funds prior to the period of expiration.		BFO	Non-concur	Other. See related comments.	The RRB's Basic Board Order (BBO) 4, assigns responsibility for liquidation of obligations to each RRB component. The Bureau of Fiscal Operations (BFO) role in the liquidation of obligations process, is to provide up-to-date balance information to each of the RRB components throughout the fiscal year to facilitate liquidation activities. As such, BFO issues 5 separate notices to RRB component entities instructing each to work with Acquisition Management (AM) to de-obligate state balances. AM, specifically the Contracting Officer, has sole authority to obligate or de-obligate funds. Therefore, the recommended action directed at the BFO is outside the scope of BFO's authority and would not result in cost effective or efficient improvements to the process for liquidating obligations.
OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	10	The Bureau of Fiscal Operations should establish a follow-up process when responses are not provided within the designated timeframe from all organizations with open obligations.		BFO	Non-concur	Other. See related comments.	See comments to Audit Report No. 15-08, Recommendation 9 above.
OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	11	The Office of Administration should revise agency administrative circulars OA-14 and OA-21 and control activities when agency systems are replaced, or as needed.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	12	The Office of Administration should ensure that the effectiveness of controls are tested and documented in a timely manner when new systems become operational, regardless of when the management control review is scheduled.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	

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OPEN	Audit of the Internal Controls Over Obligations at the Railroad Retirement Board	15-08	8/14/2015	16	The Office of Administration, in collaboration with other agency management, should develop policies and procedures to ensure that travel accounts in the RRB's travel system are deactivated in a timely manner when employees leave RRB employment.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Select Financial Management Integrated System Business Process Controls Need Improvement	16-02	11/30/2015	8	The Bureau of Fiscal Operations should implement procedures for regularly recurring reviews of the error override log to better assure strong controls and appropriate business practices.	FY 2020	BFO	Concur	Not applicable. Implementation is in progress.	
OPEN	Select Financial Management Integrated System Business Process Controls Need Improvement	16-02	11/30/2015	9	The Office of Administration should implement a control to ensure program integrity of the Financial Management Integrated System key vendor data files on an ongoing basis.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Select Financial Management Integrated System Business Process Controls Need Improvement	16-02	11/30/2015	10	The Office of Administration should correct the discrepant vendor information identified during the ongoing program integrity reviews.	FY 2020	Administration	Concur	Not applicable. Implementation is in progress.	
OPEN	Select Financial Management Integrated System Business Process Controls Need Improvement	16-02	11/30/2015	11	The Bureau of Fiscal Operations should implement updated Accounts Payable procedures to coincide with the deployment of the Financial Management Integrated System enhancements for the Invoice Processing Platform.	FY 2021	BFO	Concur	Other. See related comments.	RRB is upgrading FMIS and anticipates a go live date of March 2020. After successful deployment of the FMIS upgrade, then RRB will collaborate with the U.S. Department of the Treasury to implement its Invoice Processing Platform at the RRB.
OPEN	Fiscal Year 2015 Financial Statement Audit Letter to Management	16-04	2/2/2016	1	The Bureau of Fiscal Operations should develop and implement a policy to inform the financial statement auditors of significant internal control deficiencies as predefined by financial statement auditors each year.	FY 2020	BFO	Concur	Not applicable. Implementation is in progress.	
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	1	The Office of Programs should modify the medical opinion form to require the doctor to provide a documented conclusion on the medical severity of the claimant's medical ailments.		Programs	Non-concur	Other. See related comments.	The overall RFC is an administrative determination made by examiners, not medical sources. Per CFR 220.112 examiners consider age, education and past work experience which is not within the expertise of medical sources.
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	3	The Office of Programs should ensure that medical opinions resolve all conflicting medical evidence.		Programs	Non-concur	Other. See related comments.	Medical opinions are used to resolve significant differences in medical findings per DCM 13.10.1.3. Examiners resolve conflicting medical evidence for the primary impairment.

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OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	5	The Office of Programs should modify the medical opinion form to elicit required information from the medical doctors		Programs	Non-concur	Other. See related comments.	Part IIA of Form G-137SUP captures the information. In addition, the current contractor has been instructed and reminded to ensure that doctors are including documentation throughout the form of where detailed information can be found.
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	7	The Office of Programs should update procedures for RRB claims examiners to ensure that all current applicable medical evidence, that has been received in support of the disability based claim, is referenced by the doctor in the medical opinion, before they accept the medical opinion for payment.		Programs	Non-concur	Other. See related comments.	The contract specifications for medical opinions state the specifics need to resolve conflicting evidence. In addition, examiners are trained to agree, accept, pay and use opinions that appropriately address relevant medical evidence for the primary impairment.
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	8	The Office of Programs should update RRB procedures to instruct the RRB claims examiner to meet with the doctor when onsite if the RRB claims examiner is not certain that enough medical evidence is in file.		Programs	Non-concur	Other. See related comments.	Procedure-DCM 4.11.2 states that examiners can request advice by contacting onsite medical doctor. In addition, CFR 220.12 explains that doctors do not make the decision of disabled, but examiners.
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	12	The Office of Programs should take action to recover amounts improperly paid for medical opinions that did not meet the contract requirements for the term of the medical services contract.		Programs	Non-concur	Other. See related comments.	The claims cited in the audit were processed in calendar year 2014. The current contractor providing medical opinions began December 1, 2015. The prior opinions were used in the adjudication and determined adequate.
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	13	The Office of Administration should develop controls to ensure that contract requirements concerning initial license and insurance specifications are met prior to awarding the contract.	FY 2020	Administration	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	14	The Office of Administration should develop controls to ensure that current licenses are maintained by the medical services provider.	FY 2020	Administration	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	15	The Office of Administration should develop controls to ensure that proper insurance is maintained.	FY 2020	Administration	Concur	Not applicable. Awaiting OIG closure of recommendation.	

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OPEN	Control Weaknesses Diminish the Value of the Medical Opinions in the Railroad Retirement Board Disability Determination Process	16-05	3/9/2016	18	The Office of Administration should develop effective contract ramifications for instances where timeliness standards are not met.	FY 2020	Administration	Concur	Not applicable. Awaiting OIG closure of recommendation.	
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2015 PAR	16-07	5/13/2016	1	The Office of Programs should revise its overall process for the Railroad Retirement Act program that supports improper payment reporting requirements to ensure the accuracy of the data.		Programs	Non-concur	Other. See related comments.	The RRB routinely reviews and refines the processes for improper payment reporting. OMB has approved the overall methodology which has been in place since 2002. OMB continues to approve the RRB process; therefore, it appears the OIG can close this recommendation given the ongoing cooperation between OMB and the RRB.
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2015 PAR	16-07	5/13/2016	2	The Office of Programs should document policies and procedures to ensure that entire receivable balances are recorded in the agency's receivable system.	FY 2020	Programs	Concur	Not applicable. Implementation is in progress.	
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2015 PAR	16-07	5/13/2016	3	The Office of Programs should revise its definitions of improper underpayments in the methodology used for the Railroad Unemployment Insurance Act program to ensure that it is in compliance with Improper Payment Elimination and Recovery Act of 2010 guidance.		Programs	Non-concur	Other. See related comments.	The RRB OGC legal opinion determined that our classification of RUIA underpayments is proper and in accordance with the legal definition of Improper Payments under IPERA.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	1	The Executive Committee should perform a time study of Medicare work performed by all agency staff.	FY 2021	EC	Concur	Not applicable. Implementation is in progress.	

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OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	2	The Executive Committee should establish an OMB Circular A-87 compliant and Centers for Medicare and Medicaid Services approved personnel activity report based system that will ensure the capture and reporting of actual Medicare work performed.		EC	Non-concur	Other. See related comments.		The RRB is compliant with the terms and conditions of the interagency agreement with the Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) formerly known as the Health Care Financing Administration, dated April 16, 1991 and its Addendum dated July 30, 2004. The RRB continues to cooperate and collaborate with CMS. Since issuance of this audit report and through ongoing dialogue with CMS, the Bureau of Fiscal Operations (BFO) streamlined the cost allocation plan (CAP) report format, clarified the RRB's methodology, and addressed CMS' inquiries. Consequently, the RRB submitted the subsequent CAP in February 2018 (covering fiscal years 2015, 2016, and 2017) to CMS. Additionally, the RRB submitted a CAP in January 2019 (covering fiscal years 2017, 2018, and 2019). In both cases, the BFO submitted the significantly streamlined CAP document, which CMS accepted.
	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	3	The Executive Committee should update the Railroad Retirement Board employee direct labor profiles to represent actual work performed based on an OMB Circular A-87 compliant system methodology.		EC	Non-concur	Other. See related comments.		The RRB is compliant with OMB Circular A-87 and uses a Multiple Allocation Base method for cost. See also comments associated with Audit Report No. 16-10, Recommendation No. 2
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	4	The Bureau of Fiscal Operations should adopt and implement OMB Circular A-87 as an agency requirement.		BFO	Non-concur	Other. See related comments.		The RRB is compliant with the terms and conditions of the interagency agreement with the Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) formerly known as the Health Care Financing Administration, dated April 16, 1991 and its Addendum dated July 30, 2004. The RRB continues to cooperate and collaborate with CMS. Since issuance of this audit report and through ongoing dialogue with CMS, the Bureau of Fiscal Operations (BFO) streamlined the cost allocation plan (CAP) report format, clarified the RRB's methodology, and addressed CMS' inquiries. Consequently, the RRB submitted the subsequent CAP in February 2018 (covering fiscal years 2015, 2016, and 2017) to CMS. Additionally, the RRB submitted a CAP in January 2019 (covering fiscal years 2017, 2018, and 2019). In both cases, the BFO submitted the significantly streamlined CAP document, which CMS accepted.
	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	5	The Bureau of Fiscal Operations should work with the Centers for Medicare and Medicaid Services to update the Medicare interagency agreement and establish procedures for maintaining and updating the agreement.		BFO	Concur	Other. See related comments.		The RRB continues to cooperate and collaborate with the Centers for Medicare and Medicaid Services; however, the act of updating the referenced Interagency Agreement is dependent upon activities outside of RRB's control, as such, it is difficult to estimate a time for when this recommendation will be resolved.

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OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	6	The Bureau of Fiscal Operations should re-evaluate the RRB's cost allocation plan and implement an OMB Circular A-87 compliant methodology for future Medicare direct labor costs using appropriate specialists and expertise.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	7	The Bureau of Fiscal Operations should utilize and maintain OMB Circular A-87 compliant personnel activity reports and employee certifications through authorization by the Railroad Retirement Board's Executive Committee to ensure that reimbursed Medicare direct labor costs represent costs for actual and allowable Medicare work performed.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	8	The Bureau of Fiscal Operations should work with the Centers for Medicare and Medicaid Services to determine, adjust, and correct any erroneous reimbursement of Medicare direct labor costs beginning with fiscal year 2010 to current based on actual work performed.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	9	The Bureau of Fiscal Operations should develop and certify an indirect cost methodology and rate that complies with OMB Circular A-87 using appropriate specialists and expertise.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	10	The Bureau of Fiscal Operations should obtain Centers of Medicare and Medicaid Services approval for the indirect cost methodology and rate developed based on the recommendations in this report.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	11	The Bureau of Fiscal Operations should determine the correct Medicare indirect cost reimbursement amount for fiscal years 2010 to current using the compliant indirect cost rate for the period.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	12	The Bureau of Fiscal Operations should establish procedures requiring annual certification of the cost allocation plan and indirect cost rate prior to reimbursement that complies with OMB Circular A-87.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016							

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OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	13	The Bureau of Fiscal Operations should establish a variance analysis control process that will help to identify indirect cost reimbursement miscalculations and ensure timely corrective action.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	14	The Bureau of Fiscal Operations should submit a detailed indirect cost rate proposal in support of its allowable and allocable indirect labor costs to Centers for Medicare and Medicaid Services for approval prior to reimbursement.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	15	The Bureau of Fiscal Operations should work with the Centers for Medicare and Medicaid Services to determine, adjust, and correct any erroneous reimbursements resulting from the allocation of all of the Railroad Retirement Board's indirect labor and non-labor costs beginning with fiscal year 2010 to current.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	16	The Executive Committee should conduct a thorough investigation and determine if the Purpose Statute and/or Antideficiency Act was violated as a result of the RRB's Medicare reimbursement process and report violations in accordance with OMB Circular A-11.		EC	Non-concur	Other. See related comments.	Refer to comments associated with Audit Report No. 16-10, Recommendation No. 2.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	23	The Bureau of Fiscal Operations should determine the correct Medicare direct labor reimbursement amount using the compliant employee profiles.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Railroad Retirement Board Did Not Calculate Reimbursed Medicare Costs In Accordance with Federal Requirements	16-10	8/22/2016	24	The Bureau of Fiscal Operations should work with the Centers for Medicare and Medicaid Services to determine, adjust, and correct any erroneous reimbursement of Medicare management costs beginning with fiscal year 2010 to current.		BFO	Non-concur	Other. See related comments.	Please see comments to Audit Report No. 16-10, Recommendation No. 4.
OPEN	Fiscal Year 2016 Financial Statement Audit Letter to Management	17-03	2/16/2017	2	The Executive Committee should direct RRB management to elevate RRB OIG auditor concerns regarding application of authoritative guidance and laws and regulations for Executive Committee determinations when RRB management disagrees with RRB OIG auditor assessments.		EC	Non-concur	Other. See related comments.	The Agency does not agree that elevation of OIG audit findings or recommendations to the full Executive Committee is warranted; the Agency's individual Executive Committee members have authority to agree or disagree with an OIG position.

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OPEN	Fiscal Year 2016 Financial Statement Audit Letter to Management	17-03	2/16/2017	3	The Executive Committee should develop and implement Executive Committee procedures for enforcement of RRB management responsibilities when RRB management does not take appropriate corrective actions in regard to the application of authoritative guidance and laws and regulations.		EC	Non-concur	Other. See related comments.	Each Executive Committee member is responsible for ensuring proper application of authoritative guidance, laws, and regulations. Each Executive Committee member reports directly to the Board and is held accountable through the Agency's "SES Performance Management Systems/Executive Performance Agreement" process. The Agency does not agree that it would be cost effective or efficient for the Executive Committee to develop procedures for enforcement of RRB management responsibilities.
OPEN	Railroad Retirement Board Did Not Always Comply with Federal Travel Regulations	17-04	4/11/2017	1	We recommend the Bureau of Fiscal Operations develop and implement travel policies and procedures to ensure that all E2 users have an appropriate designated approver in their travel profile.		BFO	Non-concur	Other. See related comments.	The RRB's electronic travel management system (E2 Solutions) utilizes the hierarchy approach, whereby approvers are designated at the hierarchy level and each employee is assigned appropriately.
OPEN	Railroad Retirement Board Did Not Always Comply with Federal Travel Regulations	17-04	4/11/2017	18	We recommend the Bureau of Fiscal Operations update RRB travel policies and procedures to require that if an FTR exception regarding contract city pair fares or carriers is used, it is documented and approved prior to travel.		BFO	Non-concur	Other. See related comments.	Current policies and procedures accomplished the intent of this recommendation. The RRB's travel management system contains warnings when a traveler selects an out of policy flight. When the system generates a warning the employee must select a reason for the approver to evaluate. The approver will receive the warning and employee's reason and after review, either will approve or deny the out of policy selection.
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2016 PAR	17-05	5/12/2017	1	We recommend that the Bureau of Fiscal Operations take the actions as required by OMB guidance in regard to noncompliance for third consecutive year for the same program to ensure that RRB programs for vendor payments and employee payments are brought into compliance.		BFO	Non-concur	Other. See related comments.	The RRB disagrees that it was noncompliant with OMB IPERA reporting guidance for vendor and employee payments. Revisions to the referenced risk assessments were completed in accordance with OMB guidance prior to issuance of Audit Report No. 17-05 and that fact confirmed in Audit Report No. 18-05.
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2016 PAR	17-05	5/12/2017	2	We recommend that the Office of Programs revise its computation for application of improper payment percentages for the RRA program associated with initial and post underpayments to ensure that they are separately applied to the applicable components in RRB calculations of the total improper payments.		Programs	Non-concur	Other. See related comments.	For the purpose of determining a percentage of RRA improper payments made in the 'Non-Categorized Payments' of underpayment accruals, we currently apply improper payment percentages developed from both our initial and post adjudication quality assurance reviews. It is a tool that we consider to be the most accurate methodology to calculate an estimation of initial and post underpayment accruals.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	1	We recommend that the Office of Programs increase the frequency in which data is extracted from RRB systems for the universe identification of Railroad Retirement Act initial cases for the Program Evaluation Section's quality assurance sample review to increase the completeness of initial award identification.		Programs	Non-concur	Other. See related comments.	The RRB's current monthly process of extracting initial claims data is efficient, statistically valid, and creates an accurate universe of all initial approvals and denials in the fiscal year. All initial actions (both awards and denials) have an equal chance of being selected. The Office of Programs has reviewed the cycle for extracting data from claims in order to provide quality assurance reviews and finds that the current monthly cycle provides efficient and satisfactory data.

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OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	2	We recommend that the Office of Programs revise the sample selection process for Railroad Retirement Act initial cases to ensure that the proper award actions are identified to achieve its intended purpose to assess the accuracy of the recurring payment amount at the annuity beginning date.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 17-07, Recommendation 1 above.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	3	We recommend that the Office of Programs revise and implement its quality assurance policies and procedures to ensure the statistical validity of sample results.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 17-07, Recommendation 1 above.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	4	We recommend that the Office of Programs provide training to Program Evaluation Section staff related to statistical sampling to ensure that individual case results and overall results are statistically valid.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 17-07, Recommendation 1 above.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	5	We recommend that the Office of Programs document the complete sampling methodology in its quality assurance reports and quality assurance policies and procedures.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 17-07, Recommendation 1 above.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	7	We recommend that the Office of Programs revise Program Evaluation Section's documented policies and procedures to ensure that they are complete.	FY 2020	Programs	Concur	Not applicable. Implementation is in progress.	
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	8	We recommend that the Office of Programs formally develop and document Program Evaluation Sections' internal controls needed to ensure the integrity and accuracy of its operation and related results.	FY 2020	Programs	Concur	Not applicable. Implementation is in progress.	
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	9	We recommend that the Office of Programs periodically test Program Evaluation Sections' internal controls.	FY 2020	Programs	Concur	Not applicable. Implementation is in progress.	
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	10	We recommend that the Office of Programs design and implement an annual sample of benefit payments without recent adjudicative activity to provide a more complete payment accuracy rate and to help further protect trust funds.		Programs	Non-concur	Other. See related comments.	The Office of Programs has conducted an annual quality assurance review of initial and post awards since 1985. Each award activity is eligible for study selection during the fiscal year in which the events occurred. Study results are statistically valid and represent the universe of initial and post award activities; therefore, the Office of Programs believes that current activities satisfy the intent of recommendation.

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OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	11	We recommend that the Office of Programs revise its process for documenting benefit payment amounts used to compute its payment accuracy rates to ensure its accuracy.		Programs	Non-concur	Other. See related comments.	Our review is an evaluation of the complete initial award process and our methodology ensures an accurate measurement. Adjustments by a third reviewer are critical to ensure accuracy. Therefore, we currently utilize the appropriate benefit payment amounts in our QA review computations.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	12	We recommend that the Office of Programs revise its quality assurance policies and procedures to ensure that the three required reviews are all conducted and documented for the same award action.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 17-07, Recommendation 11 above.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	15	We recommend that the Office of Programs improve internal controls for quality assurance cases to ensure that corrective actions are initiated and completed in accordance with its policies and procedures.		Programs	Non-concur	Other. See related comments.	OP's responsibility is to identify and disseminate findings of errors and patterns of errors. We initiate the establishment of corrective actions and completion timeframes with the responsible managers. We maintain a full historical inventory of all pending corrective actions and, on an annual basis, update our inventory with current status.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	17	We recommend that the Office of Programs revise its policies to obtain greater assurance of accuracy and integrity by independently validating Railroad Retirement Act performance results provided by other RRB organizational units.		Programs	Non-concur	Other. See related comments.	RRB Administrative Circular RRB-2 stipulates that reporting managers and their staffs are responsible and accountable for collecting, validating, and reporting accurate data. In addition, through the Management Control Review (MCR) process, each manager certifies to the validity of their data on a periodic basis.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	18	We recommend that the Office of Programs revise the applicable quality assurance checklist used for segregation of duties compensating control to include verification that the annuitant's name matches the name on the examination order.		Programs	Non-concur	Other. See related comments.	The Office of Programs believes that the omission of the 'name' field on the exam checklist had no impact on the validity of reports. Each exam reviewed in the quality assurance sampling was checked against the claim number for verification, providing assurance that the exam ordered was for the specific RRB annuitant. Since FY 2017, Office of Programs ensures the annuitant's name is appropriately recorded for each exam and opinion case reviewed in order to perform the verification check. Since name-match verification is already performed, the Office of Programs believes 17-07 #18 and #19 may be closed.
OPEN	Improvements Needed for the Program Evaluation Process at the Railroad Retirement Board	17-07	8/1/2017	19	We recommend that the Office of Programs conduct the name match assessment for fiscal year 2014 through the current period to determine accuracy of the reported results. If reported results were erroneous, update as appropriate.		Programs	Non-concur	Other. See related comments.	See comments to Audit Report No. 17-07, Recommendation 18 above.
OPEN	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	1	The Bureau of Information Services should allocate sufficient resources to develop or complete the required updates of comprehensive records management policies and procedures that incorporate applicable OMB and NARA guidance.	FY 2020	BIS	Concur	Not applicable. Implementation is in progress.	

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OPEN	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	2	The Bureau of Information Services should develop and implement policies and procedures requiring records management training for new and existing employees and contractors, as well as employees with specialized records management roles and responsibilities. Ensure training for existing employees and contractors is administered annually.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	3	The Bureau of Information Services should develop and implement records management policies and procedures required for separating employees, including the detailed roles and responsibilities of the separating employee and other RRB officials. Work with the Office of Administration in implementing the policies and procedures agency wide.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
OPEN	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	4	The Bureau of Information Services should update existing policies and procedures to include explicit notification of criminal penalties that may be charged to employees for unlawful removal or destruction of agency records.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	5	The Bureau of Information Services should develop and implement policies and procedures for managing and preserving records created or received using electronic messaging systems.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
OPEN	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	6	The Bureau of Information Services should develop and implement policies and procedures for metadata, enterprise rights management, and encryption considerations when transferring electronic records to NARA.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	7	The Bureau of Information Services should develop supplemental records management training materials that are specific to RRB's vision, including RRB specific requirements and initiatives, and ensure the RRB records management training curriculum includes this additional content.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	

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OPEN	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	8	The Bureau of Information Services should work with the Office of Administration to ensure that all newly hired contractors are required to complete the full records management training course within 30 days of their hire date.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	9	The Bureau of Information Services should develop and implement roles-based training for senior officials (as defined by NARA) to ensure full understanding of their responsibilities under the RRB's records management program. This training should also include content on actions to be taken when the senior official separates from RRB employment.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
OPEN	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	10	The Bureau of Information Services should prepare and disseminate additional training content to records liaisons on their responsibilities under the Capstone program. The training content should include practical examples of what actions the records liaisons should take to fulfill their responsibilities.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	11	The Bureau of Information Services should develop specific records management performance goals with target completion dates and performance measures for significant OMB and NARA requirements.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
OPEN	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	12	The Bureau of Information Services should ensure a comprehensive inventory of non-electronic records, including paper and other forms of media, is performed and used to prepare or update RRB records disposition schedules. Resulting records schedules should be approved by NARA in accordance with OMB Circular A-130.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	
	Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives	17-08	9/28/2017	13	The Bureau of Information Services should perform a comprehensive review and update of Administrative Circular IRM-4 to ensure the roles and responsibilities of agency employees involved in records management are complete and include accurate timeframes for performing their respective duties.	FY 2020	BIS	Concur		Not applicable. Implementation is in progress.	

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OPEN	Railroad Retirement Board's Initial DATA Act Submission While Timely, Was Not Complete or Accurate	18-01	11/8/2017	4	We recommend that the Bureau of Fiscal Operations work with necessary contractor staff to ensure that all data in the DATA Act files are complete and accurate prior to submission and certification.	FY 2020	BFO	Concur		Not applicable. Implementation is in progress.	
OPEN	Railroad Retirement Board's Initial DATA Act Submission While Timely, Was Not Complete or Accurate	18-01	11/8/2017	6	We recommend that the Bureau of Fiscal Operations assess the training needs of RRB staff involved in the DATA Act process and assure training is identified and conducted in a timely manner.	FY 2020	BFO	Concur		Not applicable. Implementation is in progress.	
OPEN	Railroad Retirement Board's Initial DATA Act Submission While Timely, Was Not Complete or Accurate	18-01	11/8/2017	7	We recommend that the Bureau of Fiscal Operations ensure that the Senior Agency Official, or designee, provides adequate written assurance that RRB's internal controls support the reliability and validity of RRB's summary level and award-level data reported for publication on USASpending.gov.	FY 2020	BFO	Concur		Not applicable. Implementation is in progress.	
OPEN	Fiscal Year 2017 Financial Statement Audit Letter to Management	18-04	2/8/2018	6	We recommend that the Bureau of Fiscal Operations revise and document manual and automated internal controls to ensure prevention of Antideficiency Act violations.		BFO	Non-concur		Other. See related comments.	The Bureau of Fiscal Operations has policies and procedures in place to prevent Antideficiency Act violations. The audit results discussed a recording issue related to a year end adjustment, at no time did expenditures exceed appropriations. Additionally, the audit results did not identify an actual violation of the Antideficiency Act.
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2017 PAR	18-05	5/9/2018	1	The Office of Programs should strengthen the Railroad Retirement Act program quality assurance preparation and review process to ensure the accuracy of reported improper payment data.	FY 2020	Programs	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2017 PAR	18-05	5/9/2018	2	The Bureau of Fiscal Operations should identify and post all existing unposted returned payments.	FY 2020	BFO	Concur		Not applicable. Implementation is in progress.	
OPEN	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2017 PAR	18-05	5/9/2018	3	The Bureau of Fiscal Operations should identify the cause for unposted returned payments and take the necessary corrective actions to ensure the accuracy of future reported recaptured amounts.	FY 2020	BFO	Concur		Not applicable. Implementation is in progress.	
OPEN	Enterprise Risk Management Process At the Railroad Retirement Board Was Not Fully Effective	18-07	7/9/2018	1	The Management Control Review Committee should establish an internal control evaluation based on the requirements provided in the revised Office of Management and Budget Circular A-123.	FY 2024	MCRC	Concur		Not applicable. Implementation is in progress.	The Agency has made substantial progress with implementing ERM; however, achieving a fully integrated and effective ERM program is a multi-year effort.

Good Accounting Obligation In Government Act Reporting

Implementation Status of OIG Public Recommendations for Which Final Action Has Not Been Completed

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	Timeline for Full Implementation	RRB Component	RRB Concur or Non-concur	Explanation why No Final Action or Action Not Recommended Has Been Taken	Comments
OPEN	Enterprise Risk Management Process At the Railroad Retirement Board Was Not Fully Effective	18-07	7/9/2018	2	The Management Control Review Committee should implement formal internal control activities in the Current Risk Response portion of their risk profile.	FY 2024	MCRC	Concur	Not applicable. Implementation is in progress.	Please see comments to Audit Report No. 18-07, Recommendation No. 1.
OPEN	Enterprise Risk Management Process At the Railroad Retirement Board Was Not Fully Effective	18-07	7/9/2018	3	Executive Committee should implement an agency wide enterprise risk management program.	FY 2024	EC	Concur	Not applicable. Implementation is in progress.	Please see comments to Audit Report No. 18-07, Recommendation No. 1.
OPEN	Enterprise Risk Management Process At the Railroad Retirement Board Was Not Fully Effective	18-07	7/9/2018	6	Management Control Review Committee should document and maintain current support for Risk Profile determinations.	FY 2024	MCRC	Concur	Not applicable. Implementation is in progress.	Please see comments to Audit Report No. 18-07, Recommendation No. 1.
OPEN	Enterprise Risk Management Process At the Railroad Retirement Board Was Not Fully Effective	18-07	7/9/2018	7	Management Control Review Committee should include assessable units in risk profile that are critical to the RRB's strategic goals.	FY 2024	MCRC	Concur	Not applicable. Implementation is in progress.	Please see comments to Audit Report No. 18-07, Recommendation No. 1.
OPEN	Enterprise Risk Management Process At the Railroad Retirement Board Was Not Fully Effective	18-07	7/9/2018	8	Management Control Review Committee should acknowledge material weaknesses and revise assessments accordingly in the next risk profile.		MCRC	Non-concur	Other. See related comments.	The Agency has disagreed with the OIG's cited material weaknesses.
OPEN	Enterprise Risk Management Process At the Railroad Retirement Board Was Not Fully Effective	18-07	7/9/2018	10	Management Control Review Committee should monitor audit recommendations on a regular basis and take action to ensure they are closed in the required timeframe.		MCRC	Concur	Other. See related comments.	Each audit finding and related recommendation is addressed to the respective Executive Committee member. Each Executive Committee member reports directly to the Board and is held accountable through the Agency's "SES Performance Management Systems/Executive Performance Agreement" process. The MCRC has taken action to monitor all open recommendations on a regular basis and provided such notifications to the respective Executive Committee member; however, the MCRC does not have the authority to ensure that each is closed in the required timeframe. No further action will be taken associated with this recommendation.
Total										137

Appendix 3:

**Implementation Status for Recommendations
Designated by the OIG as *Closed, Unimplemented*
(or *Closed without Implementation*)**

Good Accounting Obligation In Government Act Reporting

Implementation Status of OIG Public Recommendations Designated by the OIG as Closed, Without Implementation

OIG Designation	Report Title	Report No.	Report Date	Rec. No.	Recommendation	RRB Component	Justification for Decision Not to Implement
Closed without implementation	Evaluation of the Railroad Retirement Board's Privacy Program	07-06	7/30/2007	4	Revise the Work-At-Home policy to ensure its consistency with the recently adopted Rules of Behavior policy.	Administration	The current Work-At-Home (WAH) policy already accomplishes the suggested recommendation. The Program includes an Agreement which each WAH participant signs and clearly states the following: Standards of Conduct "Employee agrees he or she is bound by agency standards of conduct which performing official duties at the home work site. " We believe this statement covers any and all policies that the agency currently has or will have concerning employee conduct which working at home.
Closed without implementation	Railroad Medicare Services Billed with Dates of Service after the Beneficiaries' Dates of Death	10-13	9/30/2010	7	Palmetto officials should improve the controls over the annual deceased beneficiary post-payment review process to ensure the review is adequately coordinated, timely completed, sufficiently documented and readily maintained.	Administration	Recommendation directed to Palmetto officials. Palmetto nght. stated that in accordance with the Centers for Medicare and Medicaid Services (CMS) Internet Only Manual Publication 100-18, Section 4.27, the Benefit Integrity Unit (BIU) Investigator in coordination with its Technical Support staff will initiate a request for the annual deceased beneficiary file during February of each year. Palmetto revised its internal procedures to include coordination of the activity and added the requirement to its internal metrics report. Palmetto will compare the CMS report to previous year and to identify any billing discrepancies or fraudulent activities. Any discrepancies or other findings will be reported to Palmetto's Accounting Supervisor for payment recovery. The BIU will investigate any reported findings involving fraudulent activity.
Closed without implementation	Management Information Report - Railroad Medicare Progress and Challenges	14-09	7/25/2014	4	Office of Programs should request that Palmetto apply CERT national error rates of comparable claim types during the medical review and benefit integrity process, to identify additional improper payments.	Programs	The Office of Programs (OP) did not concur with this recommendation; however, OP instructed Palmetto to use the National CERT report for analysis, and if applicable, incorporate those findings into their Medical Review Strategy. The OIG determined that although Programs did not concur, their planned action addresses the intent of the recommendation.
Closed without implementation	Audit of the Data Management Application Controls and Selected General Controls in the Financial Management Integrated System	14-12	9/30/2014	5	The Bureau of Fiscal Operations should request a contract modification to include the preparation and annual update of the Financial Management Integrated System Security Plan as part of the procured services and deliverables.	BFO	The agency did not issue a contract modification, but instead the agency incorporated FMIS into the agency's Financial Management System Security Plan. This action was acceptable to the OIG.
Closed without implementation	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2014 PAR	15-06	5/15/2015	7	The Office of Programs should review the RRA underpayment cases again using IPERA guidance and revise the calculation of improper underpayments and its overall computation of improper payments for fiscal year 2013.	Programs	OIG Response 1/12/16: We have reviewed your responses for closure of OIG audit report 15-06 recommendations 7 and 8. These recommendations called for the recomputation of improper payments and publication of the revised improper payment data for fiscal year 2013. The legal opinion that was obtained for these recommendations was dated November 20, 2015. As a result of the date of the legal opinion, the timeframe to recompute and publish the revised improper payments amounts for fiscal year 2013 in the RRB's Fiscal Year 2015 Performance and Accountability Report (P&AR) had passed. These two recommendations will be closed without implementation.
Closed without implementation	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2014 PAR	15-06	5/15/2015	8	The Office of Programs should publish the revised RRA improper payment rate data for fiscal year 2013 in the fiscal year 2015 PAR.	Programs	See comments to Audit Report No. 15-06. Recommendation 7 above.

Good Accounting Obligation In Government Act Reporting

Implementation Status of OIG Public Recommendations Designated by the OIG as Closed, Without Implementation

OIG Designation	Report Title	Report No.	Report Date	Rec. No.	Recommendation	RRB Component	Justification for Decision Not to Implement
Closed without implementation	Fiscal Year 2015 Financial Statement Audit Letter to Management	16-04	2/2/2016	4	The Bureau of Fiscal Operations should design and implement new controls, policies, and/or procedures for the reconciliation of the statement of net cost to budget note to ensure that amounts are fully supported.	BFO	The agency is adopted the Budget and Accrual Reconciliation (BAR) note effective for the third quarter fiscal year 2018 financial statements. Pursuant to Statement of Federal Financial Accounting Standards (SFFAS) 53 promulgated by the Federal Accounting Standards Advisory Board (FASAB), the BAR is replaced the Reconciliation of Net Cost of Operations to Budget (RNCOB) note used in previous reporting periods. Therefore the recommendation was considered obsolete.
Closed without implementation	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2016 PAR	17-05	5/12/2017	4	We recommend that the Office of Programs develop and implement "Do Not Pay" validation guidelines for the RRA program to ensure that the reported data complies with current OMB guidance.	Programs	OIG Response 9/29/17 - We reviewed your request for closure of OIG audit report 17-05 recommendations 4, 5, and 6. We agree that OMB recently revised its guidance (in August 2017) for the "Do Not Pay" portion of the program integrity (formerly IPERA) portion of the performance and accountability report. OMB's revisions (summarized on slides 52-54 of the attachment) no longer require the specific "Do Not Pay" reporting criteria that we used as the basis for our audit recommendations. These audit recommendations will be closed.
Closed without implementation	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2016 PAR	17-05	5/12/2017	5	We recommend that the Office of Programs work with agency management to ensure that the internally established deadline to provide RRA program "Do Not Pay" data is set for a date that will allow data to be reported for the entire fiscal year.	Programs	See comments to Audit Report No. 17-05, Recommendation 4 above.
Closed without implementation	Audit of the RRB's Compliance with the Improper Payments Elimination and Recovery Act in the FY 2016 PAR	17-05	5/12/2017	6	We recommend that the Office of Programs develop and implement procedures to ensure that RRA program "Do Not Pay" data resulting from matches of non IPERLA databases include monetary values as required by OMB guidance.	Programs	See comments to Audit Report No. 17-05, Recommendation 4 above.
Total				10			

Good Accounting Obligation In Government Act Reporting

Appendix 4:

**Justification for Decision Not to Implement,
Public OIG Recommendations less than 12 Months,
Designated by the OIG as *Open or Closed without Implementation***

Good Accounting Obligation In Government Act Reporting

Justification for Decision Not to Implement, Public OIG Recommendations Less Than 12 Months

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	RRB Component	RRB or Non-concur	Justification for Non-Concurrence or Decision not to Implement
OPEN	Fiscal Year 2018 Financial Statement Audit Letter to Management	19-06	2/20/2019	1	We recommend that the Bureau of Fiscal Operations conduct additional training or implement other control procedures to ensure the accuracy of the preparation and review of the Performance and Accountability Report, financial statements and related notes, and the closing package.	BFO	Non-Concur	The finding and related recommendation focused on errors identified in various draft documents, which were mischaracterized as reporting errors. The draft documents reviewed during the course of the audit were concurrently flowing through the Agency's compilation, update, and review process. As such, the discrepancies identified in the various draft versions of the documents were corrected prior to publishing the Fiscal Year (FY 18) Performance and Accountability Report (PAR), therefore, there were no reporting errors.
OPEN	Fiscal Year 2018 Financial Statement Audit Letter to Management	19-06	2/20/2019	2	We recommend the Bureau of Fiscal Operations work with the Financial Management Integrated System contractor to create procedures to ensure the general ledger accounts are properly mapped to the financial statement lines in the Financial Management Integrated System (FMIS).	BFO	Non-Concur	The finding and related recommendation focused on the submission of FY18 FMIS generated Combined Statement of Budgetary Resources (SBR) was delayed during the audit due to the issuance of Office of Management and Budget (OMB) Circular A-136, on July 30, 2018 that required significant changes to the SBR. When the Agency received the new guidance, it immediately began work with the FMIS contractor to implement the changes. Also, Agency representatives had identified mapping errors and been working with the FMIS contractor to implement the programming changes on the Consolidated Balance Sheet (BS), which delayed its submission to the OIG. The FMIS is contractor operated and maintained. The Agency has an operations and maintenance contract that includes a process to address necessary financial reporting changes. Therefore, the intent of the recommendation has already been met.
OPEN	Fiscal Year 2018 Financial Statement Audit Letter to Management	19-06	2/20/2019	3	We recommend the Bureau of Fiscal Operations work with the Financial Management Integrated System contractor to conduct periodic testing to ensure proper mapping of general ledger accounts to the financial statement lines in Financial Management Integrated System.	BFO	Non-Concur	See comments related to Audit Report No. 19-06, Recommendation No. 2.
OPEN	Improvements Needed for the Unapplied Cash Process at the Railroad Retirement Board	19-08	5/16/2019	1	The Executive Committee should develop a comprehensive agency-wide process for maintaining, monitoring and reporting on unapplied cash to ensure that all unapplied cash items are properly identified, recorded, monitored, reconciled, investigated, and resolved.	EC	Non-Concur	The audit report states that "unapplied cash is not material to the RRB's financial statements..." The agency's Executive Committee (EC) is already engaged in monitoring unapplied cash and two EC members, the Chief Financial Officer and the Director for the Office of Programs (OP), have said responsibility. A comprehensive agency-wide process, monitored by the Senior Executive Officer on behalf of the Board, is not an effective or efficient use of agency resources.
OPEN	Improvements Needed for the Unapplied Cash Process at the Railroad Retirement Board	19-08	5/16/2019	6	The Bureau of Fiscal Operations should work with the Railroad Retirement Board's Financial Management Integrated System contracted service provider to implement Financial Management Integrated System modifications to ensure that all unapplied cash transactions [unapplied cash receipts received, carried over from prior year, and receipts disposed of (applied to debt)] are maintained going forward, for completeness and accountability.	BFO	Non-Concur	The Agency coordinated with CGI to implement posting logic fixes in fiscal year 2018. As a result of this completed corrective effort, the intent of the recommendation had been met. The agency provided the OIG evidence of the corrective efforts (i.e. posting logic fixes) during the course of audit fieldwork. The agency considers the corrective action taken sufficient to address this recommendation.

Good Accounting Obligation In Government Act Reporting

Justification for Decision Not to Implement, Public OIG Recommendations Less Than 12 Months

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	RRB Component	RRB Concur or Non-concur	Justification for Non-Concurrence or Decision not to Implement
OPEN	Improvements Needed for the Unapplied Cash Process at the Railroad Retirement Board	19-08	5/16/2019	8	The Bureau of Fiscal Operations should work with the Railroad Retirement Board's Financial Management Integrated System contracted service provider to correct Financial Management Integrated System posting logic for unapplied cash to ensure that unapplied cash transactions are properly recorded.	BFO	Non-Concur	Corrective action was completed and evidence of such action was provided to the auditors during the course of audit fieldwork. The Agency considers the corrective action taken sufficient.
OPEN	Improvements Needed for the Unapplied Cash Process at the Railroad Retirement Board	19-08	5/16/2019	9	The Bureau of Fiscal Operations should establish internal controls over accounting adjustments for unapplied cash to ensure that the adjustments are proper and that balances are accurate	BFO	Non-Concur	The Agency determined that the adjustment to unapplied cash was proper and recorded appropriately in accordance with established internal control procedures.
OPEN	Improvements Needed for the Unapplied Cash Process at the Railroad Retirement Board	19-08	5/16/2019	10	The Bureau of Fiscal Operations should develop and maintain an unapplied cash aging report to ensure proper monitoring and timely processing of unapplied cash receipts.	BFO	Non-Concur	The FMIS system in its current capabilities met the intent of the recommendation, as such, the Agency determined that further action would not be cost effective.
OPEN	Improvements Needed for the Unapplied Cash Process at the Railroad Retirement Board	19-08	5/16/2019	11	The Office of Programs should work with the Railroad Retirement Board's Bureau of Information Services to implement Overpayment Recovery Correspondence System modifications to ensure that unapplied cash historical files [carried over from prior years, and receipts disposed of (applied to debt)] are maintained for completeness and accountability	Programs	Non-Concur	In light and in the context of the Agency's significant re-engineering/IT modernization efforts the Agency will assess the viability of the Unapplied Cash application and future archiving capabilities and take appropriate action.
OPEN	Management does not concur with this recommendation. The OIG believes this recommendation should be implemented and will continue to track its status.	19-08	5/16/2019	12	The Bureau of Fiscal Operations should establish and implement unapplied cash control activities to ensure that a qualified person is assigned a key role for the overall responsibility of coordinating and overseeing all control activities for the unapplied cash process across organizations and assessable units.	BFO	Non-Concur	See comments related to Audit Report No. 19-08, Recommendation No. 1.
OPEN	Management does not concur with this recommendation. The OIG believes this recommendation should be implemented.	19-08	5/16/2019	13	The Office of Programs should work with the Bureau of Fiscal Operations to establish and implement control activities to ensure that the Overpayment Recovery Correspondence System Unapplied Cash Application is fully interfaced with the Financial Management Integrated System so that all unapplied cash transactions are properly processed and recorded in the Overpayment Recovery Correspondence System Unapplied Cash Application.	Programs	Non-Concur	See comments related to Audit Report No. 19-08, Recommendation No. 11.

Good Accounting Obligation In Government Act Reporting

Justification for Decision Not to Implement, Public OIG Recommendations Less Than 12 Months

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	RRB Component	RRB Concur or Non-concur	Justification for Non-Concurrence or Decision not to Implement
OPEN	Management does not concur with this recommendation. The OIG believes this recommendation should be implemented and will continue to track its status.	19-08	5/16/2019	14	The Bureau of Fiscal Operations should establish and implement control activities to ensure that the Financial Management Integrated System is fully interfaced with the Overpayment Recovery Correspondence System Unapplied Cash Application so that all unapplied cash transactions are properly processed and recorded in the Financial Management Integrated System.	BFO	Non-Concur	See comments related to Audit Report No. 19-08, Recommendation No. 11.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	1	The Office of Programs submit a plan, within 90 days, to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and the Office of Management and Budget, describing the actions that the agency will take to become compliant.	Programs	Non-Concur	The RRB's reporting of Medicare improper payment data is redundant to Medicare improper payment reporting completed by the United States Department of Health and Human Services (HHS) and resulted in overstated improper payments at the Government-wide level. Therefore, and in agreement, with the Centers for Medicare and Medicaid Services (a component of HHS) and with notification to the Office of Management and Budget, effective with fiscal year 2019 the RRB no longer reports on Medicare improper payments in its Performance and Accountability Report (PAR). The Agency is compliant with IPERA reporting.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	2	The Office of Programs achieve a gross improper payment rate of less than 10 percent for Railroad Medicare. The Office of Programs through the Railroad Retirement Board's Specialty Medicare Administrative Contractor should continue to work with Medicare providers to communicate the documentation requirements and monitor the adherence to such requirements throughout the year.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	4	The Office of Programs obtain and maintain the applicable Railroad Medicare sampling and estimation plan agency certification. It must be a Centers for Medicare and Medicaid Services' certification. Railroad Retirement Board Chief Financial Officer's certification, or other Railroad Retirement Board program official's certification.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	5	The Office of Programs obtain the Railroad Medicare sampling and estimation plan for the fiscal year 2019 payment integrity reporting cycle.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.

Good Accounting Obligation In Government Act Reporting

Justification for Decision Not to Implement, Public OIG Recommendations Less Than 12 Months

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	RRB Component	RRB Concur or Non-concur	Justification for Non-Concurrence or Decision not to Implement
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	6	The Office of Programs establish a written policy to ensure subsequent Railroad Medicare sampling and estimation plans are obtained and readily available for review so that a qualified statistician would be able to replicate what was done or so that Office of Management and Budget, agency Inspector General, or Government Accountability Office personnel can evaluate the design.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	7	The Office of Programs submit the Railroad Medicare sampling and estimation plan for fiscal year 2019 to the Office of Management and Budget by the June 30th deadline.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	8	The Office of Programs obtain the Office of Management and Budget approval for Railroad Medicare's overall reduction target rate.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	9	The Office of Programs and the Office of Administration work together to update the Memorandum of Understanding (MOU) 13-61 to describe the applicable agency responsibilities as they pertain to Improper Payments Elimination and Recovery Act laws and Office of Management and Budget guidance for payment integrity reporting.	Programs	Non-Concur	The RRB remains committed to having the most current Memorandum of Understanding (MOU) in place with the Center for Medicare and Medicaid Services (CMS). However, the updating of the MOU requires collaboration of both CMS and the RRB and is not within the sole control of RRB.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	10	The Office of Programs include a brief narrative of the reduction in improper payments that is attributable to the Do Not Pay Initiative for Railroad Medicare and associated systems.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	11	The Office of Programs identify, publish, and provide a justification for Railroad Medicare uncollectible amounts.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.

Good Accounting Obligation In Government Act Reporting

Justification for Decision Not to Implement, Public OIG Recommendations Less Than 12 Months

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	RRB Component	RRB Concur or Non-concur	Justification for Non-Concurrence or Decision not to Implement
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	15	The Office of Programs adopt the Office of Management and Budget's recommended best practice and describe statutory or regulatory barriers in the fiscal year 2019 Performance and Accountability Report.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	16	The Office of Programs update applicable performance appraisals with specific criteria for meeting applicable improper payment reduction targets and establish and maintain sufficient internal controls to reduce improper payments in accordance with Office of Management and Budget Circular A 136	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	17	The Office of Programs develop and implement an internal control process (e.g. a checklist) to ensure all updates to Appendix C and Office of Management and Budget Circular A 136 relating to improper payments are sufficiently addressed for payment integrity reporting.	Programs	Non-Concur	The Agency has an established internal control process in place to maintain ongoing awareness of revisions to OMB Circular A-123, Appendix C and A-136.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	18	The Office of Programs work with the Centers for Medicare and Medicaid Services to meet the needs of Railroad Retirement Board's payment integrity reporting. If the Railroad Retirement Board is not able to obtain claims data that coincides with the fiscal year being reported, obtain Office of Management and Budget's approval for the delayed reporting timeframe.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
OPEN	Audit of RRB's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 PAR	19-09	5/30/2019	19	The Office of Programs and the Office of Administration work together to update the Memorandum of Understanding (MOU13-61) dated April 12, 2013 to ensure it reflects the applicable agency responsibilities as they pertain to improper payment reporting sampling and estimation plans.	Programs	Non-Concur	See comments related to Audit Report No. 19-09, Recommendation No. 1.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	1	WAI recommended that RRB BFO updates its policies and procedures, so that it is comprehensive and covers all key elements in the SCCIB preparation and reporting process, including: maintaining copies of superseded policies and procedures so that changes and superseded elements can be identified and tracked so that the effective date for new and/or superseded elements in the document can be ascertained.	BFO	Non-Concur	The Statement of Changes in Cash and Investment Balances (SCCIB) were produced and distributed internally to RRB for awareness purposes and were not required by any authoritative source. Therefore, in the interest of effective and efficient operations as well as economical utilization of government resources, we have discontinued the publication and distribution of the SCCIB. As such, the OIG closed this recommendation without implementation.

Good Accounting Obligation In Government Act Reporting

Justification for Decision Not to Implement, Public OIG Recommendations Less Than 12 Months

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	RRB Component	RRB Concur or Non-concur	Justification for Non-Concurrence or Decision not to Implement
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	2	WAI recommended that RRB BFO updates its policies and procedures, so that it is comprehensive and covers all key elements in the SCCIB preparation and reporting process, including: adding stipulations to the SCCIB policies and procedures covering all key elements including the IT adjustments (authorization, review and approval).	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	3	WAI recommended that RRB BFO updates its policies and procedures, so that it is comprehensive and covers all key elements in the SCCIB preparation and reporting process, including: reviewing and/or updating the SQL codes underlying queries used to generate SCCIB data as necessary.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	4	WAI recommended that RRB BFO updates its policies and procedures, so that it is comprehensive and covers all key elements in the SCCIB preparation and reporting process, including: reviewing and updating of USSGL accounts used in the SCCIB preparation for any changes done by Treasury.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	5	WAI recommended that RRB BFO updates its policies and procedures, so that it is comprehensive and covers all key elements in the SCCIB preparation and reporting process, including: adding description of thresholds for variances that require investigation.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	6	WAI recommended that RRB BFO ensures that the SCCIB be accompanied by adequate footnote disclosures that describe among others, the description of the general ledger accounts presented in the statements.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	7	WAI recommended that RRB BFO discloses periodic fluctuations or percentage increase or decrease during the month that are considered significant within established thresholds.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	8	WAI recommended that RRB BFO discloses the basis of accounting used in preparing the statements and a disclaimer that the SCCIBs are not cash flow statements consistent with GAAP.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.

Good Accounting Obligation In Government Act Reporting

Justification for Decision Not to Implement, Public OIG Recommendations Less Than 12 Months

OIG Status	Report Title	Report No.	Report date	Rec. No.	Recommendation	RRB Component	RRB Concur or Non-concur	Justification for Non-Concurrence or Decision not to Implement
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	9	WAI recommended that RRB BFO disclose significant adjustments made, including the IT adjustments.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	10	WAI recommended that RRB BFO identifies, understands and defines the authoritative basis for preparing and reporting SCCIB and recommended using OMB Circular A-123, Management Responsibilities for Enterprise Risk Management and Internal Control, revised July 15, 2016, and its accompanying memo M-16-17, which states that management is "responsible for establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance" as a basis.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	11	WAI recommended that RRB BFO develops a specific APG to stipulate the requirements for the specific internal control reporting requirements surrounding the monthly SCCIB reporting.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	12	WAI recommended that RRB BFO identifies based on both the authoritative basis of the SCCIB, as well as inquiries of recipients on the use and reliance placed on the statements.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	13	WAI recommended that RRB BFO develop a specific APG that stipulates the user needs, the specific internal control reporting objective, and the requirement surrounding the monthly SCCIB reporting.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	14	WAI recommended that RRB BFO establish and document procedures for thresholds for variance investigation and require personnel to investigate significant variances prior to publishing SCCIB.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.

Good Accounting Obligation In Government Act Reporting

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Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	15	WAI recommended that RRB BFO alternatively consider disclosing variances considered significant in the footnotes to the SCCIB if those variances could not be investigated timely before the statements are published.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	16	WAI recommended that RRB BFO prepares and maintains reconciliation files that tie the transaction detail obtained from FMIS to the SCCIB, and related subsidiary ledgers, including a thorough description of any manipulations done.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
Closed without implementation	Audit of the Railroad Retirement Board's Statements of Changes in Cash and Investments Balances	19-13	9/27/2019	17	WAI recommended that RRB BFO after using SQL codes to split specific USSGL to various SCCIB lines, BFO should maintain readily available documentation that shows the flow of data from FMIS through the SQL splitting process and onto the SCCIB lines. That documentation may include, but not limited to, FMIS subsidiary ledgers for SCCIB lines as well as documentation on how the subsidiary ledger balances are further manipulated through SQL queries to arrive at the SCCIB balances.	BFO	Non-Concur	Please response to Recommendation No. 1, Audit Report No. 19-13.
OPEN	The Acquisition Management Function at the Railroad Retirement Board Was Not Fully Adequate or Effective	19-14	9/27/2019	7	We recommend that the Office of Administration/Division of Acquisition Management obtain the signed copies of the contracting officer's representative designation letter for the identified contracts and include them in the contract files.	Administration	Non-Concur	The Federal Acquisition Regulations Subpart 1.602-2(d), RRB Basic Board Order 5, and Office of Administrative Circular No. 14 (OA-14) are silent on any requirement to obtain a countersignature from the designated Contracting Officer's Representative and maintain such in the contract file.
OPEN	The Acquisition Management Function at the Railroad Retirement Board Was Not Fully Adequate or Effective	19-14	9/27/2019	8	We recommend that the Office of Administration/Division of Acquisition Management include obtaining the signed contracting officer's representative designation letter as part of standard checklist guidance to be included in the contract file listing required award and administration documentation, identifying if the documentation was applicable to the award, and indicating the section in which supporting documents are located.	Administration	Non-Concur	See comments to Audit Report No. 19-14, Recommendation No. 7.
OPEN	The RRB Disability Programs Do Not Effectively Consider Fraud Risk Indicators in the Disability Decision Process	19-16	9/27/2019	1	DP George recommended that the Office of Programs/Disability Benefits Division define definitive fraud risks within the disability programs based on a comprehensive fraud risk assessment.	Programs	Non-Concur	The Code of Federal Regulations and established Agency policy meet the intent of the recommendation, by providing potential fraud risk indicated, best practices to for examining disability claims.

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OPEN	The RRB Disability Programs Do Not Effectively Consider Fraud Risk Indicators in the Disability Decision Process	19-16	9/27/2019	2	DP George recommended that the Office of Programs/Disability Benefits Division use the fraud risks identified to establish a scoring or other process for determining those applications where a higher risk of fraud or abuse occurring exists.	Programs	Non-Concur	The Code of Federal Regulations and established Agency policy meet the intent of the recommendation, by providing detailed guidance on the adjudication of disability claims. Additionally, the Agency requires employees including disability examiners to complete fraud awareness training regularly.
OPEN	The RRB Disability Programs Do Not Effectively Consider Fraud Risk Indicators in the Disability Decision Process	19-16	9/27/2019	3	DP George recommended that the Office of Programs/Disability Benefits Division establish additional supervisory review and documentation protocols to ensure that decisions for higher risk applications are sufficiently reviewed and consistently documented to reflect the basis for the decision.	Programs	Non-Concur	The Agency's current process and procedures meet the intent of the recommendation by requiring all initial disability applications to be reviewed by a post examiner prior to authorization. Further, examiners must refer cases to managers for guidance where they have questions, concerns, or identify suspicious patterns that may indicate fraud potential fraud.
OPEN	The Use of Medical Experts During Disability Determinations at the Railroad Retirement Board Can Be Improved	19-17	9/27/2019	1	DP George recommended that the Office of Programs establish procedures specifying how differences in medical assessments between medical experts, including the disability claims examiner, should be documented and reviewed to ensure the basis for the final decision is clearly evident in the disability case file.	Programs	Non-Concur	The Code of Federal Regulations (CFR) and established Agency policy meet the intent of the recommendation. The CFR explains how medical opinions are to be weighted in the determination of a disability and states that greater weight is given to opinions from treating sources. Agency procedures instruct examiners on how to view medical evidence, discusses significant differences in medical findings and how to approach residual functional capacity, and provides instructions on how to complete the final determination which describes how the examiner handled conflicting medical evidence.
OPEN	The Use of Medical Experts During Disability Determinations at the Railroad Retirement Board Can Be Improved	19-17	9/27/2019	2	DP George recommended that the Office of Programs gather details about areas where a lack of objective findings to support medical assessments are observed in medical exam reports provided by contracted medical experts, and establish a process with the contracted medical experts for discussing and improving the consistency and quality of future medical exam reports.	Programs	Non-Concur	The Agency has an established process that meets the intent of this recommendation and complies with the Federal Acquisition Regulations.
Total				51				