
RAILROAD RETIREMENT BOARD



FISCAL YEAR 2022 BUDGET SUBMISSION



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 Russell T. Vought
Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Dear Mr. Vought:

Enclosed is our budget request for fiscal year 2022. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

The agency's request level in the enclosed budget reflects the direct funding of \$153.009 million and provides funding to maintain 880 full time equivalents (FTEs). The Railroad Retirement Board (RRB) recognizes the ongoing need and responsibility to manage our human capital resources effectively through focused workforce planning and talent management efforts combined with information technology (IT) modernization investment to better support a leaner agency, while achieving the mission. The agency request level would further ongoing IT modernization efforts by providing approximately \$13.85 million, in no year funds. The RRB's priorities center on improving the customer experience and developing cloud native applications that directly support the core business process.

In accordance with OMB Fiscal Year 2022 Budget Guidance, our fiscal year 2022 budget submission also includes a level five percent below the net Non-Defense Discretionary total provided the RRB in the fiscal year 2022 Column of the fiscal year 2021 Budget. This reduced budget level would provide \$110.775 million and support 701 FTEs. Budget projections show that at the \$110.775 million level, the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach 701 FTEs provided at this level, which is 179 FTEs less than needed to sustain the agency's mission essential functions. At this funding level, the agency would be critically close to mission failure and forced to halt ongoing efforts to modernize our legacy systems.

The OMB Guidance 2% Add Back level of the budget totals \$113.065 million and provides minimal funding for 718 FTEs, but allow us to invest \$10.0 million into ongoing IT modernization initiatives. At this funding level, budget projections also show that the agency would need to evaluate all available options to include attrition, furloughs, buyouts, and reduction in force to reach this FTE level. Continued funding for the RRB's IT modernization program project is crucial for uninterrupted progress toward achieving the President's Management Agenda.

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2022 costs of vested dual benefits, \$11 million, with a 2 percent reserve of \$220,000. The RRB also requests \$1.105 billion for applicable military service credits through December 2018, with interest through September 1, 2020.

Finally, included in the budget submission are four agency legislative proposals. The first would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies. The second would amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize student and recent graduate hiring authorities available to other Federal agencies. The third would amend the Railroad Retirement Act and the Railroad Unemployment Insurance Act to include a felony charge for individuals committing fraud against the Agency. The final would amend the Balanced Budget and Emergency Deficit Control Act of 1985 and the Statutory Pay-As-You-Go Act of 2010 to include the Railroad Unemployment Insurance Trust Fund in the list of accounts, which are exempt from sequestration.

As required by Section 1108(c) of Title 31, United States Code, we certify that all statements of obligations furnished to OMB in connection with our requests for proposed appropriations for fiscal year 2022 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Original signed
FOR THE BOARD
Ana M. Kocur
General Counsel
September 14, 2020

Enclosure

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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

Dear Mr. President:

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FOR THE BOARD
Ana M. Kocur
General Counsel
September 14, 2020

Enclosure

cc: Honorable Richard Shelby
Chairman, Senate Committee on Appropriations

Honorable Patrick J. Leahy
Vice Chairman, Senate Committee on Appropriations

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

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

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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:

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Original signed
FOR THE BOARD
Ana M. Kocur
General Counsel
September 14, 2020

Enclosure

cc: Honorable Nita Lowey
Chairwoman, House Committee on Appropriations

Honorable Kay Granger
Ranking Member, House Committee on Appropriations

Honorable Rosa DeLauro
Chairwoman, House Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

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

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**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2022 BUDGET SUBMISSION**

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**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2022 BUDGET SUBMISSION**

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RAILROAD RETIREMENT BOARD

Social Security Equivalent Benefit Account

Budget Account - 60-8010-0-7-601

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

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

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

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

Requested appropriation

The table on page 2 identifies the estimated budget authority and outlays for this account for fiscal years 2020 through 2030. The estimates are based on the Bureau of Actuary and Research's June 2020 review, issued July 2020.

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

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	<u>Current services</u> <u>2022</u>	
Budget authority.....	7,639,000	7,709,000	7,859,000	
Outlays.....	7,335,000	7,561,000	7,827,000	
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Budget authority:				
Current services.....	8,020,000	8,193,000	8,360,000	8,526,000
Outlays:				
Current services.....	8,020,000	8,197,000	8,364,000	8,512,000
	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Budget authority:				
Current services.....	8,689,000	8,849,000	9,011,000	9,176,000
Outlays:				
Current services.....	8,658,000	8,798,000	8,949,000	9,104,000

Note: In March 2020, the RRB paid social security equivalent benefits to 427,000 beneficiaries. The RRB estimates that in March 2021 and 2022, the agency will pay these benefits to 422,000 and 417,000 beneficiaries, respectively.

RAILROAD RETIREMENT BOARD

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

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

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

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

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

Requested appropriation

The table on page 4 identifies estimated budget authority and outlays for this account for fiscal years 2020 through 2030. The estimates are based on the Bureau of Actuary and Research's June 2020 review, issued July 2020.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	Current Services <u>2022</u>	
Budget authority:	5,714,000	5,717,000	5,664,000	
Outlays:	5,714,000	5,717,000	5,664,000	
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Budget authority:				
Current services	5,678,000	5,703,000	5,736,000	5,770,000
Outlays:				
Current services	5,678,000	5,703,000	5,736,000	5,770,000
	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Budget authority:				
Current services	5,808,000	5,861,000	5,930,000	6,010,000
Outlays:				
Current services	5,808,000	5,861,000	5,930,000	6,010,000

Notes: The RRB paid tier II benefits to 483,000 beneficiaries in March 2020. The agency expects to pay these benefits to 478,000 beneficiaries in March 2021 and 472,000 beneficiaries in March 2022. The RRB also paid supplemental annuities to 117,000 beneficiaries in March 2020. The agency expects to pay supplemental annuities to 113,000 beneficiaries in March 2021, and 109,000 beneficiaries in March 2022.

RAILROAD RETIREMENT BOARD

Federal Payments to the Railroad Retirement Accounts

Budget Account - 60-0113-0-1-601

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

Military service credits

In accordance with, and pursuant to, Section 15(b) of the Railroad Retirement Act, the RRB also requests appropriations to the Federal Payments to the Railroad Retirement Accounts for reimbursement of costs (including interest, administrative expenses, and an actuarial adjustment) for crediting military service not reimbursed under the financial interchange. Both the railroad retirement system and the social security system are entitled to reimbursement for the cost of military service credits. Depending on the period during which the military service was rendered, the reimbursement may be made on either a benefit or prepaid tax basis.

Reimbursement on a tax basis is accomplished by paying payroll taxes for individuals in military service. No additional reimbursement is due at retirement for military service credits reimbursed on a tax basis. Reimbursement on a benefit basis is accomplished by computing the value of retirement and survivor benefits with and without military service and requesting reimbursement based on this difference.

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

- June 15, 1948, through December 15, 1950, creditable under P.L. 100-647, and
- July 1, 1963, and later.

In prior years, we have sought concurrence with our methodology for computing the reimbursable amount from the Social Security Administration (SSA), Treasury and OMB. We received responses from SSA and Treasury. SSA has concurred with our methodology while Treasury stated that they had no role in this particular process. Section 15(b) requires that these reimbursements from the general funds be authorized in advance by an appropriation act. The fiscal year 2022 appropriation request includes \$1,104,981,502 for applicable military service credits through December 2018, with interest through September 1, 2020. Excluded are all costs for which the RRB has already received credits.

Interest on uncashed checks

Section 417 of the Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to provide for the reimbursement of principal and interest for unnegotiated railroad retirement benefit checks to the extent that such reimbursements are provided for in advance in appropriation acts. Beginning in fiscal year 1991, the principal amount of uncashed railroad retirement and railroad unemployment insurance checks and checks for administrative expenses, under provisions of the Competitive Equality Banking Act of 1987, are made available by Treasury. Treasury transfers principal amounts directly to the appropriate trust fund or administrative limitation. As a result, the RRB is not required to seek prior appropriation authority for the principal amount of the uncashed check transfers. Interest on uncashed checks, however, must be appropriated in advance. This account is the vehicle through which such appropriations are made. Under current law, the RRB requests \$150,000 for estimated interest related to uncashed checks in fiscal year 2022, which shall remain available through September 30, 2023.

Other transfers

Appropriations are not necessary for other amounts that flow through this account to the appropriate trust fund accounts under authorizing legislation. Amounts expected to be transferred through this account in fiscal year 2022 that do not require appropriation action include \$323 million in income taxes on the social security equivalent portion of tier I benefits, and \$418 million in income taxes on tier II benefits and the non-social security equivalent portion of tier I benefits.

Requested appropriation

The table on page 7 identifies the estimated budget authority and outlays for this account for fiscal years 2020 through 2030. The estimates are based on the Bureau of Actuary and Research's June 2020 review, issued July 2020. The current services level includes interest amounts on uncashed checks for all years.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	<u>2022</u> ^{1/}	<u>Current services</u>
Budget authority:	686,150	719,150	1,846,132	
Outlays:	686,150	719,150	1,846,132	
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Budget authority:				
Current Services	764,150	788,150	818,150	948,150
Outlays:				
Current services	764,150	788,150	818,150	948,150
	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Budget authority:				
Current Services	1,018,150	1,054,150	1,088,150	1,126,150
Outlays:				
Current services	1,018,150	1,054,150	1,088,150	1,126,150

^{1/} Fiscal year 2022 budget authority and outlay amounts for current services include \$1,104,981,502 for military service credits through December 2018 with interest through September 1, 2020.

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RAILROAD RETIREMENT BOARD

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

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

Legislative history

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

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

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

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

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

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

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

Requested appropriation

The table on page 11 identifies the estimated budget authority and outlays for the Dual Benefits Payments Account for fiscal years 2020 through 2030.

The Further Consolidated Appropriations Act, 2020 (P.L. 116-94) provided \$16,000,000 for the payment of vested dual benefits.

The estimate for fiscal year 2021 includes \$13,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve of \$260,000 to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available to pay benefits.

For fiscal year 2022, the RRB requests an appropriation of \$11,000,000 to pay vested dual benefits, plus a 2 percent reserve of \$220,000 to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits. An estimated \$1,000,000 in income taxes on these benefits will be credited to the Dual Benefits Payments Account. The estimates are based on the Bureau of Actuary and Research's June 2020 review, issued July 2020.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	Current services <u>2022</u>	
Budget authority:	16,000	13,000	11,000	
Outlays:	16,000	13,000	11,000	
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Budget authority:				
Current Services	9,000	8,000	6,000	5,000
Outlays:				
Current Services	9,000	8,000	6,000	5,000
	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Budget authority:				
Current Services	4,000	3,000	3,000	2,000
Outlays:				
Current Services	4,000	3,000	3,000	2,000

Note: The budget estimates for this account include its share of interest on unnegotiated checks through Fiscal year 2021. The RRB paid vested dual benefits to 8,000 beneficiaries in March 2020. The agency expects to pay these benefits to 6,000 beneficiaries in March 2021 and 5,000 beneficiaries in March 2022.

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RAILROAD RETIREMENT BOARD

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

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

Retirement/Survivor Benefit Program

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

The RRB estimates that it will pay the following in retirement and survivor benefits through fiscal year 2022: \$13.1 billion to 529,000 persons in fiscal year 2020, \$13.3 billion to 523,000 persons in fiscal year 2021, and \$13.3 billion to 517,000 persons in fiscal year 2022.

Legislative history

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

Legislation was enacted in 1934, 1935 and 1937 to establish a railroad retirement system separate from the social security program legislated in 1935. Such legislation, taking into account the particular circumstances of the railroad industry, was not without precedent. Numerous laws pertaining to railroad operations and safety had already been enacted since the Interstate Commerce Act of 1887. Since passage of the Railroad Retirement Acts of the 1930s, numerous other railroad laws have subsequently been enacted.

Railroad Retirement and Survivors' Improvement Act of 2001

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

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

Coordination with Social Security

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

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

Sources of income for the retirement/survivor benefit program

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

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

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

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

Unemployment/Sickness Insurance Program

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

In the benefit year that ended June 30, 2020, the RRB paid \$99,328,000 in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered \$7,177,287 resulting in net payments of \$92,150,713 to a total of 23,037 unemployment insurance claimants. During the same period, the RRB paid \$79,968,000 in sickness insurance benefits from the RUI Account, and recovered \$20,743,180, resulting in net payments of \$59,224,820 to a total of 15,375 sickness insurance claimants. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, amounts reflect a reduction of 6.6% under sequestration for days of unemployment and sickness after September 30, 2017, a reduction of 6.2% for days after September 30, 2018, and 5.9% for days after September 30, 2019.

Provisions for benefits

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

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

Legislative history

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

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

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

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

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

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

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

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

RAILROAD RETIREMENT BOARD

Administrative Appropriation Request for Fiscal Year 2022

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

<u>Budget Level</u>	<u>FTEs</u>	<u>Amount</u> ^{1/} (\$ thousands)
OMB Guidance 5% Reduction ^{2/}	701	\$110,775
OMB Guidance 2% Add Back ^{3/}	718	\$123,065
Agency request level	880	\$166,859

^{1/} Dollar amounts do not include reimbursements and transfers.

^{2/} Amount includes the OMB Passback of \$114.5 million less a 5% reduction plus \$2 million anticipated reduction in Vested Dual Benefits (VDB) from FY 2021 to FY 2022. Actuarial estimates as of June 2020 indicate a reduction of VDB from \$13 to \$11 million.

^{3/} Amount includes the OMB Guidance 5% Reduction amount of \$110.775 million plus 2% of \$114.5 million the OMB Passback and \$10 million for IT Initiatives.

^{4/} In FY 2020, the General Services Administration (GSA), Great Lakes Region, contracted with AECOM to complete an Enhanced Feasibility Study (EFS) for RRB’s headquarters at the William O. Lipinski Federal Building (Lipinski FB) located at 844 N. Rush Street, Chicago, IL. The preferred viable option identified through the EFS, would consolidate RRB to floors 7 through 12 of the Lipinski Building or 119,520 USF based upon the GSA Benchmark Utilization Target of 180 sf/person. GSA would seek private tenants for the floors vacated by the RRB.

Based upon the EFS, as of June 4, 2020, GSA estimated the total cost of the project to be \$50,923,574. Of the \$50.9M, GSA estimated costs associated with “building shell-related work items” at \$25,889,967, which would be covered under its appropriation. GSA estimated tenant improvement costs at \$24,800,907 for which RRB would be responsible through additional appropriated funds provided by the Congress.

In addition to the estimated tenant improvement costs of \$24.8M, RRB would be responsible for \$6.1M of furniture, fixtures and equipment items. Further, the RRB estimates that it would need an additional \$410K, in order to prepare for the consolidation project, should it be approved. Based upon the current estimates, RRB would need to seek \$31,310,907 of additional appropriations in its FY 2024 Budget Submission to coincide with the current project/construction schedule, should Congress approve this project through GSA’s FY 2022 Budget Submission. These costs are not included in this budget request.

OMB A-11 Reference: Section 51.1 (July, 2020)

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

	FY 2020 (A)	AMOUNT OF CHANGE (B)	FY 2021 House Mark (C)	AMOUNT OF CHANGE (D)	FY 2022 OMB Guidance 5% Reduction (E)	AMOUNT OF CHANGE (F)	FY 2022 OMB Guidance 2% Add Back (G)	AMOUNT OF CHANGE (H)	FY 2022 AGENCY REQUEST (I)
TOTAL FTEs (INCLUDING REIMBURSABLE)	791	(48)	743	(42)	701	17	718	162	880
TOTAL RRB DIRECT PROGRAM OBLIGATIONS									
11.1 FULL-TIME PERMANENT	65,834	(4,826)	61,008	(1,740)	59,268	1,634	60,902	14,882	75,784
11.3 OTHER THAN FULL-TIME PERMANENT	764	(97)	667	(19)	648	18	666	145	811
11.5 OTHER PERSONNEL COMPENSATION	1,760	358	2,118	74	2,192	46	2,238	699	2,937
11.9 TOTAL PERSONNEL COMPENSATION	68,357	(4,565)	63,793	(1,685)	62,108	1,698	63,806	15,726	79,532
12.1 PERSONNEL BENEFITS: CIVILIAN	23,150	(847)	22,303	(630)	21,673	592	22,265	6,852	29,117
13.0 BENEFITS FOR FORMER PERSONNEL	172	(59)	113	18	131	0	131	0	131
21.0 TRAVEL AND TRANSPORTATION OF PERSONS	459	41	500	(41)	459	0	459	352	810
22.0 TRANSPORTATION OF THINGS	50	10	60	(10)	50	0	50	33	82
23.1 RENTAL PAYMENTS TO GSA	3,500	100	3,600	100	3,700	0	3,700	0	3,700
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	5,673	439	6,112	(439)	5,673	0	5,673	2,757	8,430
24.0 PRINTING AND REPRODUCTION	273	(4)	269	4	273	0	273	8	281
25.0 OTHER SERVICES	11,047	7,417	18,464	(2,574)	15,889	0	15,889	11,633	27,522
26.0 SUPPLIES AND MATERIALS	556	90	646	(90)	556	0	556	110	666
31.0 EQUIPMENT	264	378	642	(378)	264	0	264	2,476	2,740
TOTAL RRB DIRECT OBLIGATIONS	113,500	3,000	116,500	(5,725)	110,775	2,290	113,065	39,944	153,009
REIMBURSABLE AND TRANSFER OBLIGATIONS	32,476	(254)	32,221	379	32,601	0	32,601	0	32,601
PLUS: NO-YEAR FUNDING FOR IT INITIATIVES	10,000	0	10,000	(10,000)	0	10,000	10,000	3,850	13,850
TOTAL RRB OBLIGATIONS	155,976	2,746	158,721	(15,346)	143,376	12,290	155,666	43,794	199,460
DIRECT OBLIGATIONS AND NO YEAR	123,500	3,000	126,500	(15,725)	110,775	12,290	123,065	43,794	166,859

- Salary and benefit estimates reflect a 1.0 percent pay increase in January 2021 and January 2022 along with a FERS Benefit increase of 1.3% in FY 21 and 1.4% in FY 22.
- The average FTE cost for 2020 is \$125,902, 2021 average FTE cost of \$130,624, and 2022 average FTE cost of \$134,939.
- 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 791.
- This budget submission does not reflect anticipated cost of implementation of significant FTE reductions.
- Column (A): The FY 2020 amounts reflect allocations as of 7/24/20 for Railroad Retirement Board funding of the Limitation on Administration provided by P.L. 116-94.
- Column (E): Amount includes the OMB Passback of \$114.5 million less a 5% reduction plus \$2 million associated with the anticipated reduction in Vested Dual Benefits from FY 2021 to FY 2022. Actuarial estimates as of June 2020 indicate a \$2 million decrease in Vested Dual Benefits from \$13 to \$11 million. There is no funding for IT Initiatives.
- Column (G): Amount includes the OMB Guidance 5% Reduction amount of \$110.775 million plus 2% of \$114.5 million from the OMB Passback. There is \$10 million for IT Initiatives.
- Column (I): The Agency Request level contains \$13,850,000 for IT Initiatives with \$13,350,000 associated with the Modernize Phase and \$500,000 associated with the Perform Phase of the RRB's Transformation.
- The 2020 CMS Reimbursable and Transfer consists of \$11,276,610 for Medicare Parts B and C, \$828,390 for Medicare Part D, \$19,856,224 for SMAC Transfer and \$514,306 miscellaneous. The 2021 CMS Reimbursable and Transfer consists of \$11,915,727 for Medicare Parts B and C, \$804,575 for Medicare Part D, \$18,986,745 for SMAC Transfer, and \$514,306 miscellaneous. The 2022 CMS Reimbursable and transfer consists of \$11,915,727 for Medicare Parts B and C, \$804,575 for Medicare Part D, \$19,365,948 for SMAC Transfer, and \$514,306 miscellaneous. BOC 25.0 does not include SMAC transfer.
- Details may not add to totals due to rounding.

Explanation of Changes Between the Estimated Budget for Fiscal Year 2021, and Budget Levels for Fiscal Year 2022

Limitation of Administration, Direct Obligations (Dollars in Thousands)

<i>Category</i>	<i>FY 2021 House Mark to FY 2022 OMB Guidance 5% Reduction</i>	<i>FY 2022 OMB Guidance 5% Reduction to FY 2022 OMB Guidance 2% Add Back</i>	<i>FY 2022 OMB Guidance 2% Add Back to FY 2022 Agency Request</i>
1. Personnel Compensation	(1,685)	1,698	15,726
<p>Changes reflect variations in RRB staffing at each of the budget levels.</p> <p>The OMB Guidance 5% Reduction level provides funding for 701 FTEs, 42 FTEs less than projected for fiscal year 2021 House Mark (and 90 FTEs less than fiscal year 2020). The agency would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach this FTE level. This budget submission does not reflect anticipated cost of implementation of significant FTE reductions.</p> <p>The OMB Guidance 2% Add Back provides funding for 718 FTEs, 73 FTE's less then fiscal year 2020 and 25 FTEs less than projected for fiscal year 2021 (providing action is taken to meet the FTE level of 718 for fiscal year 2022). If the FTE level for FY 2021 of 743 is not met, the agency in FY 2022 would need to evaluate the cost of all available options to include attrition, buyouts, furloughs, and reduction in force to reach this FTE level. This budget submission does not reflect anticipated cost of implementation of significant FTE reductions.</p> <p>The Agency Request Level provides funding for 880 FTEs, 137 FTEs more than projected for fiscal year 2021 (and 89 FTEs more than fiscal year 2020).</p>			
<p>Projected compensation costs reflect an estimated pay increase of 1.0% in January 2021 and 1.0% in January 2022.</p> <p>At all funding levels, overtime is estimated at \$513,940.</p>			

Explanation of Changes Between the Estimated Budget for Fiscal Year 2021, and Budget Levels for Fiscal Year 2022

Limitation of Administration, Direct Obligations (Dollars in Thousands)

<i>Category</i>	<i>FY 2021 House Mark to FY 2022 OMB Guidance 5% Reduction</i>	<i>FY 2022 OMB Guidance 5% Reduction to FY 2022 OMB Guidance 2% Add Back</i>	<i>FY 2022 OMB Guidance 2% Add Back to FY 2022 Agency Request</i>
	<i>(5,725)^{1f}</i>	<i>2,290^{2f}</i>	<i>39,944^{3f}</i>
2. Civilian Personnel Benefits	(630)	592	6,852
Employee benefits are estimated to total approximately 26% of salary costs in 2022, a 1% increase from FY 2021.			
At all funding levels, the cost for change-of-station is \$180,000.			
3. Benefits for Former Personnel	18	0	0
A total of \$131,000 is included at each of the three budget levels for fiscal year 2022 for worker's compensation benefits to be billed by the Department of Labor in fiscal year 2022.			
4. Travel and Transportation of Persons	(41)	0	352
At the OMB Guidance 5% reduction level, Travel and Transportation of Persons for fiscal year 2022 is \$459,000, \$41,000 less than fiscal year 2021. The agency should be able to accomplish training, development, and customer out-reach programs at this amount.			
5. Transportation of Things	(10)	0	33
At the OMB Guidance 5% reduction level, Transportation of Things for fiscal year 2022 is \$50,000 a decrease of \$10,000 from fiscal year 2021.			
6. Rental Payments to the General Services Administration (GSA)	100	0	0
At all funding levels, a total of \$3.7 million is requested for GSA rent in fiscal year 2022. This budget request is based upon GSA's estimate of RRB's annual rent and includes a 5% contingency. The total is approximately \$100,000 more than the planned amount for fiscal year 2021.			

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

Limitation of Administration, Direct Obligations (Dollars in Thousands)

<i>Category</i>	<i>FY 2021 House Mark to FY 2022 OMB Guidance 5% Reduction</i>	<i>FY 2022 OMB Guidance 5% Reduction to FY 2022 OMB Guidance 2% Add Back</i>	<i>FY 2022 OMB Guidance 2% Add Back to FY 2022 Agency Request</i>
	<i>(5,725)^{1/}</i>	<i>2,290^{2/}</i>	<i>39,944^{3/}</i>
7. Communications, Utilities, and Miscellaneous Charges^{4/}	(439)	0	2,757
<p>At the OMB Guidance 5% reduction level, FY 2022 Communications, Utilities, and Miscellaneous charges total \$5,673,000, \$1,439,000 less than fiscal year 2021. Fiscal year 2022 details are shown below. (Amounts have been rounded to thousands.) Due to the mandatory implementation of the Enterprise Infrastructure Services contract vehicle and transition from the previous Networkx contract vehicle, the RRB will begin to realize increased operations and maintenance (O&M) telecommunications costs in FY 2021. Additionally, the RRB expects comparable or further increased costs in FY 2022 and beyond as the agency continues to implement elements of the EIS. Previous RRB's telecommunications services under the Networkx contract vehicle only had to comply with the security requirements prescribed by the Federal Information Security Management Act (FISMA). The shift of the agency's IT infrastructure from premise-based to cloud-computing, requires compliance with FedRAMP, which may be driving the anticipated costs increases.</p>			
<u>FY 2022 Funding at the OMB Guidance 5% Reduction Level</u>			
Miscellaneous Charges - \$905	(91)	0	369
Postage -\$1,392	(331)	0	56
Utilities - \$570	(42)	0	42
Communications - \$2,807	25	0	2,288

Explanation of Changes Between the Estimated Budget for Fiscal Year 2021, and Budget Levels for Fiscal Year 2022

Limitation of Administration, Direct Obligations (Dollars in Thousands)

<i>Category</i>	<i>FY 2021 House Mark to FY 2022 OMB Guidance 5% Reduction</i>	<i>FY 2022 OMB Guidance 5% Reduction to FY 2022 OMB Guidance 2% Add Back</i>	<i>FY 2022 OMB Guidance 2% Add Back to FY 2022 Agency Request</i>
	<i>(5,725)^{1/}</i>	<i>2,290^{2/}</i>	<i>39,944^{3/}</i>
8. Printing and Reproduction	4	0	8
At the OMB Guidance 5% reduction level, Printing and Reproduction for FY 2022 is \$273,000. This category reflects a slight decrease in costs for printing benefit rate letters, tax statements, and earnings information for railroad retirement and unemployment/sickness insurance beneficiaries. The category also includes costs for official publication of agency information in the Federal Register and Code of Federal Regulations.			
9. Other Services^{4/}	(2,574)	0	11,633
At the OMB Guidance 5% reduction level, the planned spending for FY 2022 is \$15,889,000. Fiscal year 2022 details are shown below. (Amounts have been rounded to thousands.) The RRB will begin to realize increased IT O&M costs in FY 2021. The increased cost estimates for FY 2021 and FY 2022 are associated with the need to maintain dual operating environments through at least FY 2024. The nature of the multi-year modernization effort requires that as modernization occurs and in this case, the establishment and expansion of an enterprise-ready cloud environment, the RRB must support a hybrid environment consisting of cloud resources while still maintaining mission-critical on premise systems and applications that are not yet modernized. The RRB expects this need to maintain dual environments, cloud and on premise applications and systems, for multiple years through fiscal year 2024. Only then, does the RRB expect to see a significant reduction in costs to sustain modernized mission-critical applications and systems.			

<i>Category</i>	<i>FY 2021 House Mark to FY 2022 OMB Guidance 5% Reduction</i>	<i>FY 2022 OMB Guidance 5% Reduction to FY 2022 OMB Guidance 2% Add Back</i>	<i>FY 2022 OMB Guidance 2% Add Back to FY 2022 Agency Request</i>
	(5,725) ^{1/}	2,290 ^{2/}	39,944 ^{3/}
<u>FY 2022 Funding at OMB Guidance 5% Reduction Level</u>			
Consulting Services - \$512	(9)	0	110
Government Contracts - \$2,773	66	0	846
Other Services Non-Fed ¹ - \$6,040	1,535	0	4,304
Operation & Maintenance of Equipment - \$4,833	498	0	2,292
Medical Fees - \$1,118	(497)	0	598
Training - \$155	(519)	0	818
Maintenance of Facilities ² - \$457	(3,649)	0	2,886
¹ At all budget levels, the SMAC contract transfer in the amount of \$19,365,948 is not included in the totals.			
² Funding for operation & maintenance of facilities in fiscal year 2022 may be partly offset by "no-year" money brought forward from prior fiscal years pursuant to P.L. 107-217.			
10. Supplies and Materials	(90)	0	110
At the OMB Guidance 5% reduction level, Supplies and Materials for FY 2022 total \$556,000. The amount represents a decrease of \$90,000 from fiscal year 2021.			
11. Equipment	(378)	0	2,476
At the OMB Guidance 5% reduction level, Equipment totals \$264,000 for fiscal year 2022, a decrease of \$2,878,000 from fiscal year 2021. The funding is for replacement of IT software, parts, devices and other miscellaneous equipment needed by the bureaus and offices.			
Total Increase/Decrease^{4/}	(5,725)	2,290	39,944

^{1/} See page 19, line TOTAL RRB DIRECT OBLIGATIONS. Difference is computed by subtracting the amount in column C from the amount in column E.

^{2/} See page 19, line TOTAL RRB DIRECT OBLIGATIONS. Difference is computed by subtracting the amount in column E from the amount in column G.

^{3/} See page 19, line TOTAL RRB DIRECT OBLIGATIONS. Difference is computed by subtracting the amount in column G from the amount in column I.

^{4/} Details may not add to totals due to rounding.

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment ^{a/}

Series	Rank	FY 2020 Actual	FY 2021 ^{b/} House Mark	FY 2022 OMB Guidance 5% Reduction	FY 2022 OMB Guidance Agency 2% Add Back	FY 2022 Agency Request
Executive	Level III	1	1	1	1	1
	Level IV	2	2	2	2	2
	Subtotal	3	3	3	3	3
Senior Executive Service	ES-00	7	7	7	7	7
	Subtotal	7	7	7	7	7
General Schedule/Management	GS/GM-15	40	38	35	36	39
	GS/GM-14	74	69	66	67	73
	GS/GM-13	86	81	76	78	104
	GS-12	207	194	183	188	218
	GS-11	114	107	101	104	115
	GS-10	125	117	111	113	137
	GS-9	28	26	25	25	46
	GS-8	58	54	51	53	52
	GS-7	13	12	12	12	26
	GS-6	6	6	5	5	7
	GS-5	23	22	20	21	30
	GS-4	7	7	6	6	23
	GS-3	0	0	0	0	0
	GS-2	0	0	0	0	0
	Subtotal	781	733	691	708	870
Combined	Total	791	743	701	718	880

Positions in the Office of Inspector General are excluded.

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

^{b/} FTEs reflect estimates in the budget for fiscal year 2021.

OMB A-11 Reference: Section 51.1 (July, 2020)

RAILROAD RETIREMENT BOARD

Full-Time Equivalent Employees by Organization

Organization	FY 2020 ^{1/}	FY 2021 House Mark ^{2/}	FY 2022 OMB Guidance 5% Reduction	FY 2022 OMB Guidance 2% Add Back	FY 2022 Agency Request
Chairman	4	--	--	--	--
Labor	4	--	--	--	--
Management	7	--	--	--	--
Subtotal, Board	15	--	--	--	--
General Counsel/Law	15	--	--	--	--
Hearings and Appeals	8	--	--	--	--
Legislative Affairs	3	--	--	--	--
Secretary to the Board	2	--	--	--	--
Subtotal, General Counsel	28	--	--	--	--
Office of Equal Opportunity	2	--	--	--	--
Office of Programs	290	--	--	--	--
CFO/Fiscal Operations	54	--	--	--	--
Actuary Research	20	--	--	--	--
Office of Administration	62	--	--	--	--
Field Service	211	--	--	--	--
Information Services	109	--	--	--	--
Total	791	743	701	718	880

^{1/} Amounts are rounded to the nearest FTE and reflect projected use through end of fiscal year PP 15 as of July 18, 2020. The RRB's fiscal year 2020 budget includes funding for 791 FTEs. Amounts may not add to total due to rounding.

^{2/} Reflects projected total FTE staffing at the House Mark (H.R. 7617) of \$116.5 million for agency operations.

OMB A-11 Reference: Section 51.1 (July, 2020)

RAILROAD RETIREMENT BOARD

Narrative Description of Strategic Goals

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

- | | |
|---------------------|---|
| Strategic Goal I. | Modernize Information Technology (IT) Operations to sustain mission essential services. |
| Strategic Goal II. | Provide excellent customer service. |
| Strategic Goal III. | Serve as responsible stewards for our customers' trust funds and agency resources. |

Amounts requested by the RRB represent the resources needed to achieve the performance goals stated in the RRB's Performance Plan for Fiscal Year 2022. Activities in each area are described in the following sections. The Performance Plan contains additional information concerning performance indicators for each goal.

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

Regarding the RRB's strategic goal of modernizing information technology (IT) operations, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2022 include the following:

I-A. Legacy Systems Modernization.

FY 2021 Performance Goals:

- Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions.
- 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.
- Transition Mission Essential Programs from the End-of-Life Mainframe hardware.
- 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.
- Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase.

FY 2022 Performance Goals:

- Complete the development of business rules strategy and data layer components of the modernization.
- Deliver citizen-centric services and applications to railroad employees through mobile and web-ready interfaces.
- Complete the streamlining of core business processes and modernize key applications, which support these processes.
- Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration.

Regarding the RRB's strategic goal of providing excellent customer service, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2022 include the following:

II-A. Pay benefits timely.

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

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

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

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

Regarding the RRB's strategic goal of safeguarding our customers' trust funds through prudent stewardship, strategic objectives and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2022 include the following:

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

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

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

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

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

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

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

RAILROAD RETIREMENT BOARD

Appropriation Request by Strategic Goal

The RRB Performance Budget for Fiscal Year 2022 contains a discussion of the administration of the railroad retirement/survivor and unemployment/sickness insurance benefit programs. The tables on the following pages identify the estimated costs of administering these programs in terms of the following strategic goals:

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

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

Projections for the fiscal year 2022 budget reflect three funding levels, as follows:

- The OMB Guidance level 5% Reduction of the budget provides \$110,775,000^{1/} for fiscal year 2022. This level would fund 701 FTEs to administer the benefit programs and provides no funding for agency or information technology initiatives. To get to the 701 FTE level, the RRB would have to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force.
- The OMB Guidance 2% Add Back level provides \$123,065,000^{2/} for fiscal year 2022. This level would fund 718 FTEs and provide \$10M for agency and information technology initiatives. Most funding would be dedicated for Legacy Systems Modernization Services (LSMS). Again, the RRB would have to evaluate all available options to include attrition, buyouts, furloughs, and reduction in force to get to the 718 FTE level.
- The agency request level totals \$166,859,000 for fiscal year 2022. This level would fund 880 FTEs to sustain the agency's mission essential functions and provide \$13.85M for ongoing information technology modernization efforts that directly support the President's Management Agenda.

^{1/} Amount includes the OMB Passback of \$114.5 million less a 5% reduction plus \$2 million anticipated reduction in Vested Dual Benefits (VDB) from FY 2021 to FY 2022. Actuarial estimates as of June 2020 indicate a reduction of VDB from \$13 to \$11 million

^{2/} Amount includes the OMB Guidance 5% Reduction amount of \$110.775 million plus 2% of \$114.5 million from the OMB Passback and \$10 million for IT Initiatives.

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

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2020</u>	<u>House Mark 2021</u>	<u>2022</u>		<u>Agency Request</u>
			<u>OMB Guidance 5% Reduction</u>	<u>OMB Guidance 2% Add Back</u>	
<i>Budget authority:</i>	123,500	126,500	110,775	123,065 ^{1/}	166,859
<i>Outlays:</i>	123,500	126,500	110,775	123,065	166,859
<i>Full-time equivalent employment:</i>	791	743	701	718	880

<u>Fiscal Year</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>Budget authority:</i>						
OMB Guidance (5%) Reduction	110,775	110,775	110,775	110,775	110,775	110,775
OMB Guidance 2% Add Back	123,065	123,065	123,065	123,065	123,065	123,065
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
OMB Guidance (5%) Reduction	110,775	110,775	110,775	110,775	110,775	110,775
OMB Guidance 2% Add Back	123,065	123,065	123,065	123,065	123,065	123,065
<i>Request level</i>	*	*	*	*	*	*

* Amounts for these years are to be determined.

^{1/} Amount includes the OMB Guidance 5% Reduction amount of \$110.775 million plus 2% of \$114.5 million from the OMB Passback. There is \$10 million for IT Initiatives.

OMB A-11 Reference: Section 51.1 (July, 2020)

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

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2020</u>	<u>House Mark 2021</u>	<u>2022</u>			<u>Agency Request</u>
			<u>OMB Guidance 5% Reduction</u>	<u>OMB Guidance 2% Add Back</u>		
<i>Budget authority:</i>	27,320	32,081	21,639	32,101		44,003
<i>Outlays:</i>	27,320	32,081	21,639	32,101		44,003
<i>Full-time equivalent employment:</i>	114	124	105	107		131
<u>Fiscal Year</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>Budget authority:</i>						
OMB Guidance (5%) Reduction	21,639	21,639	21,639	21,639	21,639	21,639
OMB Guidance 2% Add Back	32,101	32,101	32,101	32,101	32,101	32,101
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
OMB Guidance (5%) Reduction	21,639	21,639	21,639	21,639	21,639	21,639
OMB Guidance 2% Add Back	32,101	32,101	32,101	32,101	32,101	32,101
<i>Request level</i>	*	*	*	*	*	*

* Amounts for these years are to be determined.

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

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2020</u>	<u>House Mark 2021</u>	<u>2022</u>		
			<u>OMB Guidance 5% Reduction</u>	<u>OMB Guidance 2% Add Back</u>	<u>Agency Request</u>
<i>Budget authority:</i>	67,729	65,743	56,444	57,582	77,446
<i>Outlays:</i>	67,729	65,743	56,444	57,582	77,446
<i>Full-time equivalent employment:</i>	486	452	421	431	528

<u>Fiscal Year</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>Budget authority:</i>						
OMB Guidance (5%) Reduction	56,444	56,444	56,444	56,444	56,444	56,444
OMB Guidance 2% Add Back	57,582	57,582	57,582	57,582	57,582	57,582
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
OMB Guidance (5%) Reduction	56,444	56,444	56,444	56,444	56,444	56,444
OMB Guidance 2% Add Back	57,582	57,582	57,582	57,582	57,582	57,582
<i>Request level</i>	*	*	*	*	*	*

* Amounts for these years are to be determined.

OMB A-11 Reference: Section 51.1 (July, 2020)

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

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2020</u>	<u>House Mark 2021</u>	2022		<u>Agency Request</u>	
			<u>OMB Guidance 5% Reduction</u>	<u>OMB Guidance 2% Add Back</u>		
<i>Budget authority:</i>	28,451	28,677	32,692	33,382	45,410	
<i>Outlays:</i>	28,451	28,677	32,692	33,382	45,410	
<i>Full-time equivalent employment:</i>	192	168	176	180	221	
<u>Fiscal Year</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>Budget authority:</i>						
OMB Guidance (5%) Reduction	32,692	32,692	32,692	32,692	32,692	32,692
OMB Guidance 2% Add Back	33,382	33,382	33,382	33,382	33,382	33,382
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
OMB Guidance (5%) Reduction	32,692	32,692	32,692	32,692	32,692	32,692
OMB Guidance 2% Add Back	33,382	33,382	33,382	33,382	33,382	33,382
<i>Request level</i>	*	*	*	*	*	*

* Amounts for these years are to be determined.

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)	503,000	30,000	4,000	4,000	75,000	6,550,000	7,000
2021 (est)	497,000	29,000	3,000	4,000	74,000	6,460,000	7,000
2022 (est)	491,000	27,000	3,000	3,000	73,000	6,370,000	6,000

^{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	198,230 ^{2/}	21,466	138,993	118,770
2010	221,000	18,721	210,965	190,152 ^{3/}	21,476	139,653	119,426
2011	229,000	12,756	93,598	83,144 ^{4/}	20,797	136,014	115,705
2012	234,000	12,914	83,120	72,776 ^{5/}	20,240	129,318	110,154
2013	237,000	14,944	96,871	84,365 ^{6/}	19,110	119,364	100,951
2014	242,000	11,982	77,580	64,864 ^{6/}	19,335	120,838	102,020
2015	247,000	14,177	67,643	55,368	19,467	121,271	102,540
2016	231,000	24,371	145,605	120,134	20,219	131,575	111,933
2017	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)	188,000	49,000	269,000	221,000 ^{7/}	19,000	125,000	107,000
2021 (est)	185,000	41,000	268,000	220,000 ^{7/}	18,000	119,000	102,000
2022 (est)	186,000	15,000	88,000	72,000	16,000	102,000	87,000

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

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

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

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

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

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

^{7/} Includes unemployment insurance claims and payments under the CARES Act (P.L. 116-136).

PERFORMANCE PLAN



Fiscal Year 2022

Railroad Retirement Board

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

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Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2022 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 2022. 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 2022 for each performance goal is provided at the OMB Guidance 5% Reduction Level, the OMB Guidance 2% Add Back Level and the Agency Request Level. 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 2022, 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 - Fiscal Year 2022 Initial Performance Plan

***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 2022 Initial Performance Plan

Strategic Goal I: *Modernize Information Technology (IT) Operations to sustain mission essential services.* At the OMB Guidance 5% Reduction level, we would plan to allocate \$21,639,000 and 105 full-time equivalent employees (FTE's) to this strategic goal. At the OMB Guidance 2% Add Back level we would plan to allocate \$32,101,000 and 107 FTE's to this strategic goal. At the Agency Request level, we would plan to allocate \$44,003,000 and 131 FTE's to this strategic goal.

Today, our mission essential programs are straining under the burden of being maintained by legacy computer systems built 40 years ago. Our workforce is rapidly aging, with the average employee serving 30 years at retirement. Institutional knowledge diminishes as this workforce retires and it is increasingly difficult to find the legacy skills needed to maintain these systems. To continue providing the excellent service to our beneficiaries, we need to transform these legacy systems through automation and build modern digital services while safeguarding information anywhere, anytime, in all ways throughout the information life cycle. Our strategy to modernize encompasses multiple iterations over various phases in a new environment to minimize impact to the current legacy environment.

I-A. Strategic Objective: Legacy Systems Modernization. The primary focus is to complete the transformation to the new platform and simplify core business processes to improve the effectiveness and efficiency of mission-critical applications and services. The RRB will continuously monitor, measure, and perform value driven services to ensure the predictable outcome of a successful modernization for IT operations to sustain essential services. To achieve this goal we are deploying agile principles such as breaking up multi-yearlong projects into a series of short releases focused on the most critical or Key Performance Indicators to increase the opportunity for success, as well as ensuring frequent standup meetings, or daily scrums, as an effective mean to convey information, and to facilitate quick resolution of identified risks and issues.

The FY 2021 performance goals follow:

- Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions.
- 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.
- Transition Mission Essential Programs from the End-of-Life Mainframe hardware.
- 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.

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

- Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase.

The RRB reviews and makes modification to its performance goals in accordance with its strategic roadmap for modernization and transformation. For fiscal year 2022, we have added five performance goals that focus on the specifics of achieving this strategic objective.

The new FY 2022 performance goals follow:

- Complete the development of business rules strategy and data layer components of the modernization.

The establishment of the business rules strategy in FY 21 lays the foundation for the evolution of rationalizing all business rules to a singular location and part of the new enterprise. This performance goal completes the development of this mission-critical component to future applications due to be developed in FY 22.

- Deliver citizen-centric services and applications to railroad employees through mobile and web-ready interfaces.

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

- Complete the streamlining of core business processes and modernize key applications which support these processes.

This performance goal identifies and focuses the cross-agency modernization team on the core business processes and lays the foundation for the modernization of key applications that will support the intake, adjudication, calculation, and payment processing of claims and applications. Specific applications will be identified as a part of this goal when known.

- Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration.

In order for the modernization to be successful, BIS will require robust, repeatable management processes and standards to be in place. This performance goal identifies key management processes to be refined and fortified to improve the efficiency of the modernization team throughout the Modernize and Perform Phases.

Railroad Retirement Board - Fiscal Year 2022 Initial 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 OMB Guidance 5% Reduction level, we would plan to allocate \$56,444,000 and 421 FTE’s to customer service. At the OMB Guidance 2% Add Back level we would plan to allocate \$57,582,000 and 431 full-time equivalent employees (FTE’s) to customer service. At the Agency Request level, we would plan to allocate \$77,446,000 and 528 FTE’s to customer service. We have established two performance goals that focus on the specifics of achieving this strategic goal.

II-A. Strategic Objective: Pay benefits timely.

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

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

Our Customer Service Plan includes customer service timeliness standards for paying benefits. Through March 31, 2020 the overall actual performance was 99.1 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for more than 99 percent of the 165,272 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 2020 (through 3/31/2020)
• Retirement applications: 96.3% (target: 94.0%)
• Survivor applications: 95.7% (target: 94.7%)
• Disability applications/payments: 52.2% (target: 82.5%)
• RUIA applications/claims: 99.8% (target: 98.6%)

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

Communications with RRB customers

In addition to making payments, we provide a variety of information to our customers. We provide general information through our website, publications, and our toll-free number. We also provide information to individuals through annual statements of wages and compensation, annuity estimates, notices of annuity and benefit awards and changes, annual income tax statements, and answers to questions regarding benefits. In addition, we use an on-line presentation facility called *RRBVision* to provide information and training to the public and rail employers.

II-B. Strategic Objective: Provide a range of choices in service delivery methods.

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

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

The RRB continues to pursue enhancements in fiscal year 2020 with the development and implementation of the Form G-117a, Designation of Contact Officials. This service will give employers the ability to make timely updates and changes to the responsible officials in their organizations. This will add one more service to the system bringing the total number of available services to 31 in the ERSNet system.

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

The RRB will utilize fiscal year 2022 to focus on improvements and enhancements to the existing 33 services available at that time.

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Strategic Goal III: *Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.*

The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. At the OMB Guidance 5% Reduction level, we would plan to allocate \$32,692,000 and 176 FTE's to stewardship. At the OMB Guidance 2% Add Back level we would plan to allocate \$33,382,000 and 180 full-time equivalent employees FTE's to stewardship. At the Agency Request level, we would plan to allocate \$45,410,000 and 221 FTE's to stewardship.

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

III-A. 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 separately under performance goal III-D.

To accomplish this commitment, we will:

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

In November 2019, we released our Performance and Accountability Report for fiscal year 2019. The RRB's OIG did 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 continues to disagree with the material weakness and the basis the OIG cited for the disclaimer.

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

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

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

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

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

We measure the effectiveness of the program integrity efforts each year by comparing the dollars identified as improper payments and saved through these initiatives to their cost. Based on the most recent information available, for example, in fiscal year 2019, the RRB invested the equivalent of about 19 full-time employees, at a cost of approximately \$2.1 million, in program integrity efforts. This resulted in about \$12.9 million in recoverables, \$919,016 in benefits saved, and the referral of 52 cases to the OIG for investigation. This is approximately \$6.66 in savings for each \$1.00 invested in these activities.

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

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 M-20-04, Fiscal Year 2019-2020 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 and continue by participating the CDM Dynamic and Evolving Federal Enterprise Network Defense (DEFEND) 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 asset management, remote access, identity management, and network protection. Specifically:

- Assessment Management – we have enrolled in the DHS CDM DEFEND program to provide better visibility of current hardware and software and to automatically detect unauthorized hardware and software.
 - The RRB has implemented two phases of the CDM program and is forwarding RRB data to the CDM Federal Dashboard:
 - Hardware Asset Management “HWAM” to provide visibility into all hardware devices on the RRB Network.
 - Vulnerability Management “VULN” to provide visibility to known vulnerabilities present on the network

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- The RRB will implement these two phases of CDM DEFEND during fiscal year 2021
 - Software Asset Management “SWAM” to provide visibility into all software installed on the RRB network.
 - Configuration Settings Management “CSM” to manage configuration settings of assets on the RRB network.
- Identity Management – The RRB enforces multi-factor authentication for general users and have installed a privileged access management system (i.e. CyberArk) for system administrators.
- 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.

Internal Operations

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

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

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

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

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

RRB Plan to Maximize Employee Performance

Like many agencies, the RRB has an aging workforce. Nearly 42 percent of our employees have 20 or more years of service and 35 percent of the current workforce will be eligible for retirement by fiscal year 2022. To prepare for the expected turnover, the agency is placing increased emphasis on strategic management of human capital. The Bureau of Human Resources continues to partner with senior management to develop a succession plan methodology and strategy to drive and support RRB's mission. The succession planning process includes analyzing workforce data, trends and projected attrition in an effort to evaluate, prioritize and address future staff and skills needed for the RRB workforce. The results from the workforce analysis form the basis for formulating specific strategies, hiring plans and initiatives that support the agency's succession plan.

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. In FY 2019, we received over 5300 outside applications. We also utilize different recruitment strategies, like resume mining and targeted advertising, to ensure we are attracting quality candidates.

The Human Services/Labor Relations Section (HS/LR) is in the process of re-negotiating the Nationwide Collective Bargaining Agreement (CBA), which has not been updated since 1985.

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A component of the revised CBA includes new articles on both Performance Management and Incentive Awards. In addition, the HS/LR team is in the process of revising both the RRB's Incentive Awards policy as well as its Performance Management policy. Both policies have been drafted with the vision of maximizing employee performance and rewarding RRB's high performers.

III-D. 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. Additionally, the NRRIT and the Government Accountability Office (GAO) have entered into a voluntary memorandum of understanding to facilitate GAO's access to information supporting NRRIT's annual financial statements and related financial statement audits for purposes of conducting GAO's audits of the U.S. government's consolidated financial statements.

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RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
<i>STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to sustain mission essential services</i>								
<i>Strategic Objective: Legacy Systems Modernization - Goal Leader: Terryne F. Murphy, Chief Information Officer</i>								
I-A-1. Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions.	New Goal for FY 2021	100%	Goal Complete	Goal Complete	Goal Complete			
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 FY 2021	100%	Goal Complete	Goal Complete	Goal Complete			
I-A-3. Transition Mission Essential Programs from the End-of-Life Mainframe hardware.	New Goal for FY 2019	New Goal for FY 2019	10%	50%	75%	100%	100%	100%
I-A-4. 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.	New Goal for FY 2021	75%	100%	100%	100%			

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RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to sustain mission essential services								
Strategic Objective: Legacy Systems Modernization - Goal Leader: Terryne F. Murphy, Chief Information Officer								
I-A-5. Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase.	New Goal for FY 2021	75%	100%	100%	100%			
I-A-6. Complete the development of business rules strategy and data layer components of the modernization.	New Goal for FY 2022	75%	75%	75%				
I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces.	New Goal for FY 2022	50%	50%	50%				
I-A-8. Complete the streamlining of core business processes and modernize key applications that support these processes.	New Goal for FY 2022	25%	25%	25%				
I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration.	New Goal for FY 2022	100%	100%	100%				

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
<i>STRATEGIC GOAL II: Provide Excellent Customer Service</i>								
<i>Strategic Objective: Pay benefits timely.</i>								
Goal Leader for performance goals II-A-1 through II-A-5; II-A-7 and II-A-8: Crystal Coleman, Director of Programs								
Goal Leader for performance goal II-A-6: Daniel Fadden, Director of Field Service								
Goal Leader for performance goal II-A-9: Rachel L. Simmons, Director of Hearings and Appeals								
II-A-1. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 35 days of the annuity beginning date, if advanced filed. (Measure: % ≤ 35 days)	95.0%	94.9%	95.4%	95.8%	94.0%	94.0%	94.0%	95.0%
II-A-2. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	95.5%	96.5%	96.5%	97.4%	94.0%	94.0%	94.0%	95.0%
II-A-3. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor not already receiving a benefit within 60 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 days)	96.9%	96.2%	96.0%	95.5%	94.0%	94.0%	94.0%	95.0%
II-A-4. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor already receiving the benefits as a spouse within 30 days of the RRB's receipt of first notice of the employee's death. (Measure: % ≤ 30 days)	96.1%	96.5%	96.6%	95.1%	94.0%	94.0%	94.0%	95.0%

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
STRATEGIC GOAL II: Provide Excellent Customer Service								
Strategic Objective: Pay benefits timely.								
Goal Leader for performance goals II-A-1 through II-A-5; II-A-7 and II-A-8: Crystal Coleman, Director of Programs								
Goal Leader for performance goal II-A-6: Daniel Fadden, Director of Field Service								
Goal Leader for performance goal II-A-9: Rachel L. Simmons, Director of Hearings and Appeals								
II-A-5. RRB makes a decision to pay or deny a lump sum death benefit within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	97.5%	98.2%	97.3%	97.3%	96.0%	96.0%	96.0%	97.0%
II-A-6. RRB certifies a payment or releases a letter of denial of UI or SI benefits within 10 days of the date RRB receives the claim. (Measure: % < 10 days)	99.9%	99.9%	99.9%	99.9%	98.5%	98.00%	98.50%	99.00%
II-A-7. RRB makes a decision to pay or deny a benefit for a disabled applicant or family member within 100 days of the date the application is filed. (Measure: % ≤ 100 days)	14.7%	11.3%	12.5%	15.0%	70.0%	70.0%	70.0%	70.0%
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)	92.5%	91.5%	85.2%	86.4%	92.0%	92.0%	92.0%	93.0%
II-A-9. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	217	217	207	207	207	207	207	207

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
STRATEGIC GOAL II: Provide Excellent Customer Service								
Strategic Objective: Provide a range of choices in service delivery methods. 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 ^{6/} services available	19 services available	19 services available	23 services available	23 services available	23 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%	99.3%	99.2%	99.6%	99.0%	99.0%	99.0%
	b) Internet Services	29 Internet services available	30 Internet services available	30 Internet services available	30 Internet services available	33 Internet services available	33 Internet Services Available	33 Internet Services Available

RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources								
Strategic Objective: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately. Goal leader: Shawna R. Weekley, Chief Financial Officer								
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.)	90.73%	91.70%	91.70%	94.33%	85.0%	85%	85.0%	85.0%

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources								
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): Daniel 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	98.89%	99.87%	99.99% (through 3/31/19)	Not Available	99.50%	99.50%	99.75%
	b) Sample post recurring payments	99.94%	99.56%	99.94% (through 3/31/19)	Not Available	99.50%	99.50%	99.75%
III-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{7/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	97.24%	96.09%	96.23%	99.89%	95.00%	95.00%	96.00%
	b) Sickness	99.08%	100.00%	97.93%	98.25%	96.00%	95.00%	95.00%
III-B-3. Overall Initial Disability Determination Accuracy (Measure: % of Case Accuracy)	94.40%	94.40%	Not Available	Not Available	95.00%	94.00%	95.00%	95.50%

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RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
<i>STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources</i>								
<i>Strategic Objective: Ensure the accuracy and integrity of benefit programs.</i> 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): Daniel Fadden, Director of Field Service Goal leader III-B-2 (b): Micheal Pawlak, Director of Unemployment Payment Support Division								
III-B-4. Maintain the level of Railroad Retirement Act (RRA) improper payments below the OMB threshold. (Measure: Beginning FY14, below 1.5%)	N/A	N/A	N/A	Not Available	1.00%	1.00%	1.00%	1.00%
III-B-5. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure recoverable and savings per dollar spent.)	\$3.70: \$1.00	\$3.44: \$1.00	\$6.66: \$1.00	Not Available	\$3.70: \$1.00	\$3.60: \$1.00	\$3.70: \$1.00	\$4.00: \$1.00
<i>Strategic Objective: Ensure effectiveness, efficiency, and security of operations.</i> 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)	Project complete	Project complete	Project complete	Project complete	Project complete	Project complete.	Project complete	Project complete

Railroad Retirement Board - Fiscal Year 2022 Initial Performance Plan

RRB FY 2022 Initial Performance Plan		2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
III-C-2. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost.		100%	85%	100%	100%	85%	85%	85%	85%
III-C-3. Deliver – Meet Customer Expectations <u>WWW.RRB.GOV</u> Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users.	a) Continuous availability target	99.2%	98.92%	98.99%	99.31%	99.00%	99.00%	99.00%	99.00%
	b) Hours of outage allowed per month	6.52 hours	7.77 hours	7.38 hours	4.83 hours	7 hours	7 hours	7 hours	7 hours
III-C-4. Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.		No	Completed applying HTTPS-only standard to www.rrb.gov	Cloud based enterprise test lab: No.	Cloud based enterprise test lab: No.	Cloud based enterprise test lab : Yes.	Microsoft Azure Cloud Implementation Yes.	Microsoft Azure Cloud Implementation Yes.	Microsoft Azure Cloud Implementation. Yes.
III-C-5. Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives.		50%	99.93%	100%	100%	100%	100%	100%	100%
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.		99.82%	99.93%	100%	100%	99%	99%	99%	99%

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RRB FY 2022 Initial Performance Plan	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 OMB Guidance 5% Reduction	2022 OMB Guidance 2% Add Back	2022 Agency Request
III-C-7. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.	74%	77%	73%	Unprivileged Network Users > 66% Privileged Network Users ≥ 63%	Unprivileged Network Users ≥ 85% Privileged Network Users 100%	Unprivileged Network Users ≥ 85% Privileged Network Users 100%	Unprivileged Network Users ≥ 85% Privileged Network Users 100%	Unprivileged Network Users ≥ 85% Privileged Network Users 100%
<i>Strategic objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.</i>								
Goal leader: Ana M. Kocur, General Counsel								
III-D-1. Timely review information reported by the National Railroad Retirement Investment Trust to carry out RRB’s oversight responsibility under section 15(j) (5) (F) of the Railroad Retirement Act. Reports are to be reviewed within 30 days of receipt. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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Footnotes:

- ^{1/} Actual results represents status as of March 31, 2020, unless otherwise noted.
- ^{2/} Planned amounts reflect the fiscal year 2021 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released February 10, 2020.
- ^{3/} Amount includes \$113,500,000 for Limitation on Administration account and \$10,000,000 for Information Technology Modernization.
- ^{4/} Amount includes \$116,500,000 for Limitation on Administration account and \$10,000,000 for Information Technology Modernization.
- ^{5/} The RRB continues to evaluate the impact of process changes on performance. Recent progress has been made in reducing workload balances; however, a revised metric has not been established.
- ^{6/} The actual number of services available for goal II-B-1 is currently 19. Previously, this was incorrectly reported as 20 services available for FY 2018 and FY 2019 actual performance. The Retirement Application form AA-1 pilot program went into production in late FY 2018; however, full implementation of this new service is presently on-hold.
- ^{7/} The payment accuracy rate is the percentage of dollars paid correctly as a result of adjudication actions performed.
- ^{8/} OMB granted reporting relief for the RRA improper payment program in July 2018. Therefore, goals and reporting of RRA improper payment analysis results are not applicable for FY 2017, FY 2018 and FY 2019 data. A Risk Assessment will be conducted in FY 2020 (FY 2019 data) and reporting for this program will likely resume in FY 2021 (FY 2020 data) assuming the Risk Assessment for the RRA program is determined to be susceptible to significant improper payments.

RAILROAD RETIREMENT BOARD

FY 2022 BUDGET REQUEST: INFORMATION TECHNOLOGY (IT)

<i>A Railroad Retirement Board Transformation Roadmap</i>						
<u>Phase</u>	<u>Specific IT Initiatives</u>	Planned Spending Public Laws 115-141, 115-245, & 116-94	FY 2021 Request	FY 2022 Request	FY 2023 Budget	Total Estimated Project Costs
Stabilize	<ul style="list-style-type: none"> • Establish a Cloud Presence • Infrastructure Modernization • Improve Security Posture • Preparation for Legacy Application Rationalization 	\$17,326,207	\$0	\$0	\$0	\$17,326,207
Modernize	<ul style="list-style-type: none"> • Mainframe Modernization • Collaboration Tools • Business Rules Implementation • Data Model Implementation • Adjudication Application / Customer Views • Citizen-Centric Services / Online Forms and Portals • Paperless Processing and Secure Document Management • Payment Application 	\$12,673,793	\$13,850,000	\$13,350,000	\$7,225,000	\$47,098,793
Perform	Post Implementation Monitoring as Applications and Systems Modernize	\$0	\$0	\$500,000	\$250,000	\$750,000
	TOTAL – IT Modernization Funds	\$30,000,000	\$13,850,000	\$13,850,000	\$7,475,000	\$65,175,000

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FY 2022 Top Priorities – IT Modernization – Modernize Phase

Today customers expect IT organizations to be nimble and agile in providing solutions. They also expect the solutions developed provide a similar experience they are used to getting in the commercial world. Our current environment is ill equipped to meet these expectations. The reengineering and modernizing effort will put us in a better position to meet these goals.

Priority 1 – Mainframe Modernization

The RRB continues its effort to establish its cloud presence. The Agency originally had plans to complete the Re-platform of its mainframe into the Microsoft Azure Cloud OpenFrame Environment in FY 2020. Due to the realization of schedule and quality risks, the RRB issued a stop work order on the contract supporting this effort. The RRB then initiated an in-depth analysis of the current project deliverables as well as other potential alternatives that would mitigate the schedule and quality risks the RRB has incurred during the current contract over the several months. The RRB will finish the analysis in FY 2020, begin the migration in FY2021, and then complete in FY 2022, while continuing its progress in other areas of the modernization strategy.

Priority 2 – Collaboration Tools

The RRB will implement collaboration tools such as Microsoft's M365 to address the agency's need to shift from legacy desktop computer functions to Software as a Service (SaaS) solutions. Microsoft's M365 is a comprehensive productivity and collaboration solution that offers a suite of tools to support the agency workforce.

Priority 3 – Business Rules Implementation

The RRB will implement a business rule solution to further support automation. A business rule is a condition that must be satisfied when a business activity is being performed. A rule can enforce a business policy, make a decision, or infer new data from existing data. A business rules management system provides process execution engines that support work-routing decisions to be expressed as simple rules. Once those rules go beyond simple Boolean logic, externalizing these rules simplifies processes.

Priority 4 – Data Model Implementation

The RRB will implement the design and architecture blueprint of a unified data model with focus on streamlining business processes. This unified data model will form the foundation of RRB's future modernization efforts.

Priority 5 – Adjudication Application/Customer Views

We can think of Benefit processing and Administration as a stream of phases. All our benefits begin with an Application, once completed it moves to the Adjudication Phase and if the Adjudication results in an award it moves to Calculation phase. Once Calculation is done, it results in Payment (Recurring, Lump Sum and One Payment Only). The various deductions

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such as Medicare Premiums, Taxes etc. are calculated and deducted from the payments. If an adjudication results in Denial, then it branches off to the Appeal process with its own set of phases: Reconsideration, Hearing & Appeal and Board Appeal. At a given time, a particular benefit could be in any one of these phases.

The focus of this priority is to deliver the initial application phase of the benefit process flow and implement a Customer Relationship Management system to provide a holistic 360 degree view of the Customer to be used by both Headquarters and Field Office Staff. Use of the Customer Relationship Management system will increase the RRB's Customers' access to self-service options while providing additional interaction channels such as a Virtual Agent Chatbot and Mobile Application.

Priority 6 – Citizen-Centric Services/Online Forms and Portals

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

Priority 7 – Paperless Processing and Secure Document Management

The RRB proposes to establish an electronic imaging and records system, which will eliminate a significant portion of its paper-based processing. Through the identification and prioritization of potential enhancements to the current system including electronic export of e-mails, third party documents and faxes, as well as streamlining the process of scanning a folder to imaging, or importing electronic documents received from outside sources to RRB's system.

Priority 8 – Payment Application

We will reduce the number of our current payment systems, which are currently comprised of several separate front-end systems and back-end databases to a payment system that incorporates logic to cover a variety of payment scenarios and will access a streamlined data layer.

An integrated payment authorization system of Unemployment/Sickness benefits or Disability, Retirement, or Survivor Annuities will be developed. Which, in turn, will ease identifying and collecting debts/overpayments during this release using existing financial systems. This initiative would also include activities related to Medicare withholdings/premiums and interactions with Center for Medicare and Medicaid Services.

The benefit is that all financial transactions that the RRB is responsible for will be integrated with modern technology with enhanced reporting, automated correspondence, and more accurate calculations of overpayment balances.

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Proposed Legislative Program for Fiscal Year 2022

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 2022 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.

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Proposed Legislative Program for Fiscal Year 2022

4. **Amend the Balanced Budget and Emergency Deficit Control Act of 1985 and the Statutory Pay-As-You-Go Act of 2010 to include the Railroad Unemployment Insurance Trust Fund in the list of accounts which are exempt from sequestration.**

Unemployment and short-term sickness benefits for covered railroad workers payable under the Railroad Unemployment Insurance Act (RUIA) are currently subject to sequestration. However, these unemployment and sickness benefits are fully funded by railroad employer contributions in the same manner as state unemployment compensation systems under the Federal Unemployment Tax Act (26 U.S.C 3301 et seq.) and do not require appropriations from general revenues. The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) as amended (P.L. 99-177) exempts from sequestration any amount paid as regular unemployment compensation by a state from its account in the Unemployment Trust Fund, any advance made to a state from the Federal Unemployment Trust Fund, and any payment made from the Federal Employees Compensation Account for unemployment benefits to former federal employees and former military service members. This leaves unemployment benefits payable to railroad workers as the only type of unemployment benefit subject to reduction as a result of sequestration under the BBEDCA or the Statutory Pay-As-You-Go Act of 2010 (P.L. 111-139).

This proposal would amend the (BBEDCA) to exempt from sequestration unemployment benefits paid under the Railroad Unemployment Insurance Act (RUIA) [45 U.S.C. § 351 et seq.]. Section 255(a) of the BBEDCA currently exempts Tier I railroad retirement benefits from sequester; section 255(g)(1)(A) exempts the Dual Benefits Payments Accounts and Federal Payments to the Railroad Retirement Accounts; and section 255(g)(1)(B) exempts the National Railroad Retirement Investment Trust and the Railroad Industry Pension Fund. All other benefits administered by the Railroad Retirement board on behalf of covered railroad workers (disability, spouse and survivor) are exempt from sequestration by BBEDCA section 255. It is therefore appropriate to exempt the RUIA Trust Fund from reduction or sequestration under the BBEDCA or the Statutory Pay-As-You-Go Act of 2010.

Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 is hereby amended in subsection (g)(1)(A), by inserting “Railroad Unemployment Insurance Trust Fund (60-8051-0-603.)” after the Radiation Exposure Compensation Trust Fund (15-8116-0-1-054).

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Evidence and Evaluation

In accordance with OMB Circular A-11, Section 51.9, the following discussion serves to document the agency's progress thus far towards meeting requirements of the Foundations for Evidence-Based Policymaking Act of 2018 ("Evidence Act") (Public Law 115-435), including development and use of a learning agenda (evidence-building plan), annual evaluation plan, and capacity assessment. Further, this discussion will reference evidence-building proposals accounted for in their budget request.

It is important to note that the Railroad Retirement Board is a non-CFO Act agency. In that regard, the RRB is only required to address, and discuss herein, certain elements as detailed in OMB Memorandum M-19-23, *Phase 1 Implementation of the Foundations for Evidence-Based Policymaking Act of 2018: Learning Agendas, Personnel, and Planning Guidance*. As such, certain sections of the "Evidence Template" are not required for RRB or other non-CFO Act agencies and therefore are not addressed herein.

- The RRB established the role of a Chief Data Officer (CDO), who operates under the Chief Information Officer's purview. The CDO participated in the designated official orientation and serves as a member of the Chief Data Officer Council.
- The RRB formed a Data Governance Body (DGB) with membership representing each RRB Executive Committee member. The DGB members provide coordination and act as the spokesperson for their respective bureau/office.
- The RRB developed a DGB charter that establishes the body's role of determining priorities for managing data as a strategic asset in service of the RRB's mission.

The DGB conducted a data maturity assessment to identify the agency's current state and set a baseline for future initiatives.

- The assessment supports the agency's continuous improvement by identifying areas that are most mature and areas to consider providing further attention and development.
- The DGB utilized Gartner's enterprise maturity model to perform the assessment, a five-stage maturity model spanning across seven building blocks of enterprise information management.
- The assessment sets the current baseline of the "as is" state and provides direction for where to head next strategically when developing data governance and management processes to inform investment decisions and to prioritize subsequent actions.

The funding requests for the RRB's IT Modernization Investment Initiatives program as a whole will support the emphasis of the Evidence Act as the agency transforms from the Stabilize Phase into the Modernize Phase detailed in the section titled "FY 2022 Budget Request: Information Technology (IT)".

