
RAILROAD RETIREMENT BOARD

Public Release



**FISCAL YEAR 2025
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 Shalanda D. Young
Director
Office of Management and Budget
725 17th Street Avenue, N.W.
Washington, D.C. 20503

Dear Director Young:

Enclosed is our budget request for fiscal year 2025. 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 Railroad Retirement Board (RRB) requests direct funding of \$170.335 million which would support an estimated 880 full time equivalents (FTEs). Even though we are progressing with our modernization efforts, operational costs are rising as we shift into a hybrid or transitional IT environment which requires the agency to operate both legacy on-premises and modernized cloud-based opportunities. In this hybrid IT environment, RRB must simultaneously allocate staffing and funding to sustain critical benefits administration operations via legacy applications and IT systems, maintain early-modernized components of the IT program, and persist through RRB's ongoing IT Modernization Program. Continuing to operate in this hybrid or transitional IT state requires sufficient FTEs to sustain benefit determination and payment operations, which still rely heavily on manual processing. Additionally, as the RRB continues to modernize utilizing cloud-based opportunities, we have seen our operating costs rise due to the "pay-per-use" fees. The RRB requests direct funding of \$170.335 million to allow the RRB to better manage workloads and the impact of significant attrition and our rising operational costs until IT modernization efforts are fully integrated into agency processing.

The RRB has been notified that the General Services Administration (GSA) is planning to relocate the RRB headquarters from the location it has been in since 1943 (Lipinski Building) to the Metcalfe Federal Building in Chicago's loop. GSA has informed the RRB that based upon its preliminary high level cost estimate, RRB will need to contribute \$10.437 million for the RRB headquarters relocation. While a funding request, is not included herein, we intend to

include a request for no-year funds in RRB's fiscal year 2026 Budget Submission based upon a more detailed cost estimate from GSA.

[REDACTED]

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2025 costs of vested dual benefits, \$6 million, with a 2 percent reserve of \$120,000. The RRB also requests \$1.308 billion for applicable military service credits through December 2020, with interest through September 1, 2023.

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 Railroad Retirement and the Railroad Unemployment Insurance Acts to allow a limited amount of unobligated balances fiscal year 2025 and de-obligated balances of expired fiscal year 2025 funds to remain available until expended in support of the Board's Information Technology Investment Initiatives.

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 2025 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Original signed
FOR THE BOARD
Stephanie Hillyard
Secretary to the Board
September 11, 2023

Enclosure

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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 Kamala Harris
President of the Senate
S-212 Capitol Building
Washington, D.C. 20510

Dear Madam President:

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Stephanie Hillyard
Secretary to the Board
September 11, 2023

Enclosure

cc: Honorable Patty Murray
Chairman, Senate Committee on Appropriations

Honorable Susan Collins
Vice Chairman, Senate Committee on Appropriations

Honorable Tammy Baldwin
Chair, Senate Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

Honorable Shelley Moore Capito
Ranking Member, Senate Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

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RAILROAD RETIREMENT BOARD
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CHICAGO, ILLINOIS 60611-1275

BOARD MEMBERS:

ERHARD R. CHORLÉ, CHAIRMAN

JOHN BRAGG, LABOR MEMBER

THOMAS JAYNE, MANAGEMENT MEMBER

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

Dear Mr. Speaker:

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Sincerely,

Original signed
FOR THE BOARD
Stephanie Hillyard
Secretary to the Board
September 11, 2023

Enclosure

cc: Honorable Kay Granger
Chair, House Committee on Appropriations

Honorable Rosa DeLauro
Ranking Member, House Committee on Appropriations

Honorable Robert Aderholt
Chair, House Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies

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

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**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2025 BUDGET SUBMISSION**

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**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2025 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 addition, for calendar year 2021 and 2022, the SSEB Account also received transfers from the general fund of the Treasury due to the temporary payroll tax reduction provisions of Public Laws 116-127, Families First Coronavirus Response Act, and 116-136, CARES Act.

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 2023 through 2033. The estimates are based on the Bureau of Actuary and Research's June 2023 midsession review, issued June 2023.

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

Analysis of Resources
(in thousands of dollars)

			<u>Current Services</u>	
	<u>2023</u>	<u>2024</u>	<u>2025</u>	
Budget authority:	3,380,399	3,660,299	3,761,300	
Outlays:	3,334,099	3,681,999	3,749,800	
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Budget authority:				
Current Services	3,856,800	3,939,300	4,008,500	4,085,300
Outlays:				
Current services	3,849,600	3,931,800	3,997,600	4,071,500
	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>
Budget authority:				
Current Services	4,166,800	4,253,700	4,347,400	4,439,200
Outlays:				
Current services	4,155,500	4,242,100	4,334,600	4,426,800

Notes: In March 2023, the RRB paid social security equivalent benefits to 399,000 beneficiaries. The RRB estimates that in March 2024 and 2025, the agency will pay these benefits to 393,000 and 389,000 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 2023 through 2033. The estimates are based on the Bureau of Actuary and Research's update as of June 2023 midsession review, issued June 2023.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources (in thousands of dollars)

			<u>Current Services</u>	
	<u>2023</u>	<u>2024</u>	<u>2025</u>	
Budget authority:	5,767,000	5,881,600	5,918,800	
Outlays:	5,752,400	5,871,500	5,908,700	
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Budget authority:				
Current Services	5,978,100	6,039,100	6,106,600	6,179,100
Outlays:				
Current services	5,968,500	6,028,400	6,093,700	6,165,000
	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>
Budget authority:				
Current Services	6,253,400	6,328,200	6,396,900	6,456,100
Outlays:				
Current services	6,238,600	6,312,900	6,382,000	6,442,900

Notes: The RRB paid tier II benefits to 453,000 beneficiaries in March 2023. The agency expects to pay these benefits to 447,000 beneficiaries in March 2024 and 441,000 beneficiaries in March 2025. The RRB also paid supplemental annuities to 104,000 beneficiaries in March 2023. The agency expects to pay supplemental annuities to 99,000 beneficiaries in March 2024, and 95,000 beneficiaries in March 2025.

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 2025 appropriation request includes \$1,308M for applicable military service credits through December 2020, with interest through September 1, 2023. 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 2025, which shall remain available through September 30, 2026.

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 2025 that do not require appropriation action include \$406 million in income taxes on the social security equivalent portion of tier I benefits, and \$456 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 2023 through 2033. The estimates are based on the Bureau of Actuary and Research's June 2023 midsession review, issued June 2023. 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>Current Services</u>	
	<u>2023</u>	<u>2024</u>	<u>2025</u> ^{1/}	
Budget authority:	864,150	841,150	2,170,150	
Outlays:	864,150	841,150	2,170,150	
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Budget authority:				
Current Services	992,150	1,064,150	1,099,150	1,133,150
Outlays:				
Current services	992,150	1,064,150	1,099,150	1,133,150
	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>
Budget authority:				
Current Services	1,170,150	1,215,150	1,254,150	1,294,150
Outlays:				
Current services	1,170,150	1,215,150	1,254,150	1,294,150

^{1/} Fiscal year 2025 budget authority and outlay amounts for current services include \$1,308M for military service credits through December 2020 with interest through September 1, 2023.

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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 2023 through 2033.

The Consolidated Appropriations Act, 2023 (P.L. 117-328) provided \$9,000,000 for the payment of vested dual benefits.

The estimate for fiscal year 2024 includes \$8,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve of \$160,000 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 2025, the RRB requests an appropriation of \$6,000,000 to pay vested dual benefits, plus a 2 percent reserve of \$120,000 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 \$0 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 2023 review, issued June 2023.

RAILROAD RETIREMENT BOARD

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

Analysis of Resources (in thousands of dollars)

	<u>Current Services</u>			
	<u>2023</u>	<u>2024</u>	<u>2025</u>	
Budget authority:	9,000	8,000	6,000	
Outlays:	9,000	8,000	6,000	
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Budget authority:				
Current Services	5,000	4,000	3,000	3,000
Outlays:				
Current services	5,000	4,000	3,000	3,000
	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>
Budget authority:				
Current Services	2,000	2,000	1,000	1,000
Outlays:				
Current services	2,000	2,000	1,000	1,000

Note: The budget estimates for this account include its share of interest on non-negotiated checks through Fiscal year 2024. The RRB paid vested dual benefits to 4,000 beneficiaries in March 2023. The agency expects to pay these benefits to 3,000 beneficiaries in March 2024, and 3,000 beneficiaries in March 2025.

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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 2025: \$14.1 billion to 495,000 persons in fiscal year 2023, \$14.6 billion to 488,000 persons in fiscal year 2024, and \$14.8 billion to 481,000 persons in fiscal year 2025.

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. 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, 2023, the RRB paid \$19.4 million in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered \$4.7 million resulting in net payments of \$14.7 million to a total of 3,400 unemployment insurance claimants. During the same period, the RRB paid \$78.6 million in sickness insurance benefits from the RUI Account, and recovered \$27.4 million resulting in net payments of \$51.2 million to a total of 12,300 sickness insurance claimants. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, amounts reflect a reduction of 5.9% under sequestration for days of unemployment and sickness after September 30, 2019, and 5.7% for days after September 30, 2020 and before January 3, 2021. Beginning January 3, 2021, the Continued Assistance to Rail Workers Act of 2020 temporarily suspended sequestration through May 9, 2023, 30 days after the Presidential declaration of an end to the national emergency concerning the COVID-19 pandemic. Benefits are currently sequestered at 5.7%.

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, enhanced unemployment benefits, and waiting period waiver unemployment and sickness benefits are also payable to some railroad workers under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (P.L. 116-136), the Continued Assistance to Rail Workers Act of 2020 (P.L. 116-260), and the American Rescue Plan Act of 2021 (P.L. 117-2), 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 2025

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

<u>Budget Level</u>	<u>FTEs</u> ^{2/}	<u>Amount</u> ^{1/} (\$ thousands)
Agency Request Level	880	\$170,335

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

^{2/} FTEs includes reimbsurements.

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

	FY 2023 (A)	CHANGE (B)	FY 2024 ESTIMATE (C)	CHANGE (D)	FY 2025 AGENCY REQUEST (E)
TOTAL FTEs (INCLUDING REIMBURSABLE)	716	(69)	647	233	880
TOTAL RRB DIRECT PROGRAM OBLIGATIONS					
11.1 FULL-TIME PERMANENT	61,558	(565)	60,993	28,974	89,967
11.3 OTHER THAN FULL-TIME PERMANENT	1,301	(674)	627	297	924
11.5 OTHER PERSONNEL COMPENSATION	3,108	(887)	2,221	1,301	3,522
11.9 TOTAL PERSONNEL COMPENSATION	65,966	(2,126)	63,840	30,572	94,413
12.1 PERSONNEL BENEFITS: CIVILIAN	24,290	(960)	23,330	11,000	34,330
13.0 BENEFITS FOR FORMER PERSONNEL	125	(16)	108	27	135
21.0 TRAVEL AND TRANSPORTATION OF PERSONS	899	(624)	275	125	400
22.0 TRANSPORTATION OF THINGS	60	(28)	33	2	34
23.1 RENTAL PAYMENTS TO GSA	3,700	-	3,700	(600)	3,100
23.3 COMMUNICATIONS, UTILITIES, & MISC. CHARGES	5,621	1,122	6,743	(34)	6,709
24.0 PRINTING AND REPRODUCTION	339	(24)	315	121	435
25.0 OTHER SERVICES	26,153	2,154	28,307	956	29,263
26.0 SUPPLIES AND MATERIALS	599	89	688	(9)	679
31.0 EQUIPMENT	248	414	662	176	837
TOTAL RRB DIRECT OBLIGATIONS	128,000	-	128,000	42,335	170,335
REIMBURSABLE AND TRANSFER OBLIGATIONS	32,668	(2,301)	30,367	4,278	34,645
TOTAL RRB OBLIGATIONS	160,668	(2,301)	158,367	46,613	204,980
DIRECT OBLIGATIONS AND NO YEAR	128,000	-	128,000	42,335	170,335

- Salary and benefit estimates reflect a 5.2% pay increase in January 2024 and 2.0% in January 2025.
- The average FTE cost for fiscal year 2023 is \$141,000, fiscal year 2024 average FTE cost of \$149,884, and fiscal year 2025 average FTE cost of \$155,955.
- This budget submission does not reflect anticipated cost of implementation of significant FTE reductions.
- Column (A): Fiscal year 2023 amounts reflect allocations as of PP 14 for Railroad Retirement Board funding of the Limitation on Administration provided by FY 2023 PL 117-328.
- Fiscal year 2023 CMS Reimbursables and Transfer consists of \$11,457,264 for Medicare Parts B and C, \$675,142 for Medicare Part D, \$20,024,914 for SMAC Transfer and \$510,306 miscellaneous.
Fiscal year 2024 CMS Reimbursables and Transfer consists of \$11,457,264 for Medicare Parts B and C, \$675,142 for Medicare Part D, \$28,861,477 for SMAC Transfer and \$512,306 miscellaneous.
Fiscal year 2025 CMS Reimbursables and Transfer consists of \$11,457,264 for Medicare Parts B and C, \$675,142 for Medicare Part D, \$22,000,000 for SMAC Transfer and \$512,306 miscellaneous.
BOC 25.0 does not include SMAC transfer.
- No year relocation funding for RRB HQ to be included in FY 2026 budget submission.78. Details may not add to totals due to rounding.

Explanation of Changes between the Estimated Budget for Fiscal Year 2024, and Budget
Levels for Fiscal Year 2025

Limitation of Administration, Direct Obligations (Dollar in Thousands)

<i>Category</i>	<i>FY 2024 Estimate to FY 2025 Agency Request</i>
	<i>42,335 ^{1/}</i>
1. Personnel Compensation	30,572
<p>Changes reflect variations in RRB staffing at each of the budget levels.</p> <p>The Agency Request Level provides funding for 880 FTEs, 233 FTEs more than projected for fiscal year 2024 Estimate.</p> <p>Projected compensation costs reflect an estimated pay increase of 5.2% in January 2024 and 2.0% in January 2025.</p> <p>Overtime is estimated at \$725,000 for FY 2024 Estimate, \$1,406,000 at the FY 2025 Agency Request level.</p>	
2. Civilian Personnel Benefits	11,000
<p>Employee benefits are estimated to total approximately 36% of salary costs in 2024 and 2025.</p> <p>At all funding levels, the cost for change-of-station is \$210,000.</p>	
3. Benefits for Former Personnel	27
<p>A total of \$135,000 is included at Agency Request level for fiscal year 2025 for worker's compensation benefits to be billed by the Department of Labor in fiscal year 2025.</p>	
4. Travel and Transportation of Persons	125
<p>A total of \$400,000 is included at Agency Request level for fiscal year 2025 for travel.</p>	

<i>Category</i>	<i>FY 2024 Estimate to FY 2025 Agency Request</i>
	<i>42,335 ^{1/}</i>
5. Transportation of Things	2
A total of \$34,200 is included at Agency Request level for fiscal year 2025 for transportation.	
6. Rental Payments to the General Services Administration (GSA)	(600)
At Agency Request level, a total of \$3,100,000 is requested for GSA rent in fiscal year 2025. This budget request is based upon GSA's estimate of RRB's annual rent of \$2,838,397 and includes \$261,603 contingency. The total is \$600,000 less than the fiscal year 2024 Estimate.	
7. Communications, Utilities, and Miscellaneous Charges ^{2/}	(34)
At Agency Request level, FY 2025 communications, utilities, and miscellaneous charges total \$6,708,679, \$34,196 less than fiscal year 2024. The fiscal year 2025 details are shown below. (Amounts have been rounded to thousands.) The decreased miscellaneous estimated costs of \$13,600 relates to the absence of mainframe costs.	
<u>FY 2025 Funding at Agency Request Level</u>	
Miscellaneous charges - \$121	(14)
Postage - \$1,489	11
Utilities - \$812	50
Communications - \$4,287	(82)

<i>Category</i>	<i>FY 2024 Estimate to FY 2025 Agency Request</i>
	<i>42,335 ^{1/}</i>
8. Printing and Reproduction	42,335 ^{1/}
At Agency Request level, printing and reproduction for FY 2025 is \$435,444. This category reflects a slight increase in costs for printing benefit rate letters, tax statements, and earnings information for railroad retirement and unemployment/sickness insurance beneficiaries. The category also includes costs for official publication of agency information in the Federal Register and Code of Federal Regulations.	
9. Other Services ^{2/}	956
At Agency Request level, the planned spending for FY2025 is \$29,263,093, \$956,468 more than 2024. Fiscal year 2025 details are shown below. (Amounts have been rounded to thousands.)	
<u>FY 2025 Funding at Agency Request Level</u>	
Consulting services - \$423	(99)
Government contracts - \$6,129	56
Other services non-fed'l ^{a/} - \$15,518	(110)
Operation & Maintenance of equipment - \$3,166	630
Medical fees - \$859	158
Training - \$500	300
Maintenance of facilities ^{b/} - \$2,668	21
^{a/} At Agency Request level., the SMAC reimbursement contract in the amount of \$22,000,000 is not included in the totals. ^{b/} Funding for operation & maintenance of facilities in fiscal year 2025 may be partly offset by "no-year" money brought forward from prior fiscal years pursuant to P.L. 117-103.	

<i>Category</i>	<i>FY 2024 Estimate to FY 2025 Agency Request</i>
	<i>42,335 ^{1/}</i>
	<i>42,335 ^{1/}</i>
10. Supplies and Materials	(9)
At Agency Request level, supplies and materials for FY 2025 total \$678,657. The amount represents an decrease of \$9,343 from fiscal year 2024.	
11. Equipment	176
At Agency Request level, equipment totals \$837,354 for fiscal year 2025, an increase of \$175,729 from fiscal year 2024. The funding is for replacement of IT software, parts, devices, and other miscellaneous equipment needed by the bureaus and offices.	
Total Increase/Decrease ^{2/}	42,335 ^{1/}

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

Cybersecurity Priorities Identified for M-22-16

The RRB also will focus in FY 2025 on the priorities outlined in OMB memorandum M-22-16 and has included a budget request for \$3,000,000 in budget object class code 2520. The memorandum, requires Federal Civilian Executive Branch (FCEB) agencies to make investments in three cyber investment priority areas: Improving the Defense and Resilience of Government Networks; Deepening Cross-Sector Collaboration in Defense of Critical Infrastructure; and Strengthening the Foundations of Our Digitally-Enabled Future. Of the priorities noted in M-22-16, the RRB will focus its Cybersecurity investment priorities in the following areas from the memorandum:

Zero Trust Implementation (\$2,100,000)

The RRB is in the midst of an enterprise-wide modernization of its legacy IT systems and 2000+ legacy applications which directly enable its mission. As such, the RRB is developing and integrating a strategic approach to implementing cybersecurity controls that secures our organization by eliminating implicit trust and continuously validating every stage of network interaction. Rooted in the principle of “never trust, always verify,” the RRB’s Zero Trust strategy will be designed to protect our current environment, and as we modernize, our future environments enabling a digital transformation by using strong authentication methods, leveraging network segmentation, preventing lateral movement, providing layer 7 threat prevention, and simplifying granular, “least access” policies. Please be advised that as the RRB modernization strategy evolves, our Zero Trust strategy will evolve to align with those requirements as well. The RRB’s Zero Trust implementation approach will implement the five pillars’ mentioned in the OMB Memorandum M-22-09, Moving the U.S. Government Toward Zero Trust Cybersecurity Principles:

- Pillar 1 – Identify: The RRB will employ a centralized identity management system that will integrate the RRB modernized applications to the RRB’s Common Platforms, implement phishing-resistant multi-factor authentication (MFA) to RRB hosted accounts, and ensure public facing systems support.
- Pillar 2 – Devices: The RRB has enrolled in CISA’s Continuous Diagnostic and Mitigation program that will ensure that we create an ongoing, reliable and complete hardware and software inventory. The RRB will continue to expand our Endpoint Detection and Response (EDR) solution and will coordinate with CISA to identify gaps, coordinate on deployment, and establish information sharing capabilities with CISA as described in M-22-01.
- Pillar 3 – Networks: The RRB is architecting and designing the RRB ZTA plan through consultation, business value assessment, and architectural workshops with CISA. We will follow the Zero Trust maturity model and NIST 800-207 in developing our plan.
- Pillar 4 – Applications and Workloads: The RRB has conducted a TIC 3.0 implementation strategy to ensure all the security controls have been implemented for the data-sharing migration project. This includes hardening of the necessary servers, employing Microsoft Defender in the Cloud technologies, ensuring our systems are monitored by the Qualys CDM and CISA Federal Dashboard, and the environment is correctly segmented in the Azure architecture.
- Pillar 5 – Data: The RRB is using Microsoft Office 365 Data Loss Prevention to manage encryption/decryption services for Office 365. The RRB will additionally assess where sensitive data is stored in other Cloud spaces and determine how to monitor for unexpected or anomalous decryption requests to that data.

IT Modernization for Federal Cybersecurity by Design (\$700,000)

The RRB will continue participating in shared security technologies, including active engagement with the Department of Homeland Security (DHS) Continuous Diagnostics and Mitigation program to ensure up-to-date technologies are implemented and agency requirements are funded. In accordance with the Presidential Executive Order 14028 “Improving the Nation’s Cybersecurity” the RRB will obtain in FY 2024 cyber security services through the U.S. Department of Justice (DOJ) Security Operations Center as a Service (SOCaaS) services. The SOCaaS is a central nexus for networking monitoring, incident response, cyber threat intelligence collection, and cross-agency threat information sharing as required in OMB Memorandum M-22-16. In FY 2025 we will continue to integrate the service with the existing RRB M365 and cloud environments and provide continuous monitoring and incident response for the RRB’s on premise and cloud information system boundaries.

The RRB is continuing to improve the effectiveness of our cybersecurity program and is remediating cybersecurity risks identified in the RRB’s most recent FISMA audit. Specifically, the RRB is implementing the following cybersecurity framework improvements:

- Identify (\$100,000) – The RRB has improved the RRB’s risk management program by partnered with DOJ and using their Cyber Security Assessment and Management (CSAM) GRC tool. CSAM will improve a centralized, enterprise-wide (portfolio) view of risks across the organization, including risk control and remediation activities, dependencies, risk scores/levels, risk management roles and responsibilities, an information security architecture strategy, an enterprise-wide configuration plan, and management dashboards that integrates the RRB’s risk management strategy effectively with the RRB’s Management Control Review/Enterprise Risk Management program. The dashboards will ensure the RRB manages risk automatically and more efficiently.
- Protect (\$150,000) – The RRB plans in improving the configuration management program by developing and implementing a process for reviewing and monitoring open vulnerabilities within Qualys and remediating those vulnerabilities automatically with software tools.
- Protect (\$150,000) – The RRB continues to monitor and improve upon the RRB’s security awareness program. Assessing the RRB’s workforce for information security and skillset deficiencies is planned for FY 2025.
- Detect (\$200,000) – The RRB has developed an effective information security continuous monitoring program and looks to improve on the program with the implementation of NIST 800-53 revision 5 security controls for all the RRB information systems. The updated security controls will be monitored on the RRB’s CSAM GRC tool.
- Recover (\$100,000) – The RRB conducted an incident response (I.e. Ransomware infection) tabletop exercise that identified the need to improve on configuration management measures to ensure safeguarding RRB data. The RRB will follow the guidelines set forth by CISA to ensure the RRB’s infrastructure is updated to ensure that those measurements are implemented.

Human Capital (\$200,000)

- The RRB will continue implementing its DevSecOps solution and will continue to follow agile development practices to employ immutable infrastructure. DevSecOps is a set of software development practices that combines software development (Dev), security (Sec), and information technology operations (Ops) to secure the outcome and shorten the development lifecycle.

- The RRB will hire a DevSecOps Engineer to ensure our processes implementing frameworks and governances are followed.
- The RRB will explore, as appropriate and within the bounds of statutory authorities, mission-driven, person-focused, and market-sensitive approach to talent management for cybersecurity positions similar to the Talent Management System enacted by the Department of Homeland Security in November 2021.

The above M-22-16 priorities align with Goal 2 – Secure the Enterprise, one of the RRB’s Four Strategic Goals for its modernization.

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

Series	Rank	FY 2023	FY 2024 ^{b/} Estimate	FY 2025 Agency Request
Executive	Level III	1	1	1
	Level IV	2	2	2
	Subtotal	3	3	3
Senior Executive Service	ES-00	7	7	7
	Subtotal	7	7	7
General Schedule/Management	GS/GM-15	45	38	45
	GS/GM-14	63	61	75
	GS/GM-13	90	86	104
	GS-12	175	154	220
	GS-11	164	152	230
	GS-10	20	20	30
	GS-9	27	60	41
	GS-8	33	28	57
	GS-7	39	6	8
	GS-6	5	5	7
	GS-5	27	21	30
	GS-4	16	6	23
	GS-3	2	---	---
	GS-2	---	---	---
	Subtotal	706	637	870
Combined	Total	716	647	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 2024.

RAILROAD RETIREMENT BOARD
Full-Time Equivalent Employees by Organization

ESTIMATE

Organization	FY 2023 ^{1/}	FY 2024 Estimate ^{2/}	FY 2025 Agency Request
Chairman	4	4	4
Labor	7	7	7
Management	5	5	5
Subtotal, Board	16	16	16
General Counsel/Law	16	16	17
Hearings and Appeals	7	7	8
Legislative Affairs	3	3	3
Secretary to the Board	2	2	2
Subtotal, General Counsel	28	28	30
Office of Equal Opportunity	3	3	3
Office of Programs	242	217	328
CFO/Fiscal Operations	53	48	57
Actuary Research	17	15	20
Office of Administration	59	53	68
Field Service	215	193	252
Information Services	83	74	106
Total	716	647	880

^{1/} Amounts are rounded to the nearest FTE and reflect projected use through end of fiscal year PP 14 as of July 01, 2023. The RRB's fiscal year 2023 budget includes funding for 716 FTEs. Amounts may not add to total due to rounding.

^{2/} Reflects projected total FTE staffing at the FY 2024 Estimate of \$128 million for agency operations.

RAILROAD RETIREMENT BOARD

Narrative Description of Strategic Goals

The RRB's budget request for ongoing operations is distributed between three areas that match the goals stated in the agency's Strategic Plan for Fiscal Years 2022 through 2026.

- | | |
|---------------------|---|
| 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 2025. Activities in each area are described in the following sections. The Performance Plan contains additional information concerning performance measures for each goal.

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

Today, our mission essential programs are strained under the burden of legacy computer systems built over 40 years ago. Additionally, we continue to suffer significant institutional knowledge drain regarding these legacy systems and applications. Several years ago we set out to modernize the enterprise, including all legacy IT systems and applications to continue providing the excellent service to our beneficiaries. While we have made significant strides in recent years, there is more to be done. Our current IT Modernization Program is a three-phased program to achieve such a comprehensive task. Today, we find ourselves preparing to complete the Stabilize Phase, where we established our cloud presence and modernized our support of a remote and hybrid workforce. We are now set to begin the Modernize Phase, where the focus will be two-fold – 1) To deliver new online services and applications to improve the annuitant and applicant experiences, and 2) To gain efficiencies in core business processes, both supporting the RRB mission.

We continue to improve our agency security posture as we modernize. Our FY 2025 funding request has additional detail regarding our compliance with OMB memorandum, M 22-16, Administration Cybersecurity Priorities. More detail regarding our application modernization funding request and plan for compliance with the federal zero trust strategy is in Cybersecurity Priorities Identified for M-22-16 section of this budget submission.

I-A. Strategic Objective: RRB's Transformation

The RRB developed an IRM Strategic Plan for Modernization with the following goals in support of the Agency's first Strategic Objective:

- Improve the User Experience
- Secure the Enterprise
- Upskill the IT Team
- Optimize the Infrastructure

To achieve these goals, the RRB will plan and implement key initiatives to begin the Modernize Phase of the IT Modernization Program. Those initiatives are captured in the Information Technology (IT) Update section of this budget submission.

The performance indicators that we will utilize to assess our progress toward our strategic objective and reference to the IRM Strategic Plan for Modernization Goals are as follows:

FY 2025 Performance Plan Strategic Goal I-A.	IRM Strategic Plan for Modernization Goals.
I-A-6. Complete the development of business rules strategy and data layer components of the modernization.	<ul style="list-style-type: none">• Improve the User Experience• Upskill the IT Team
I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces.	<ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team
I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes.	<ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team
I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration.	<ul style="list-style-type: none">• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure
I-A-10. Evaluate the re-engineering assessment deliverables to determine a cost-effective path forward to application rationalization and streamline business processes.	<ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure

II. Provide Excellent Customer Service.

Regarding the RRB's strategic goal of providing excellent customer service, strategic objectives and supporting initiatives in the RRB's Performance Plan includes the following:

II-A. Strategic Objective: Pay benefits timely.

- Inform our customer about the actions they can take to ensure that they receive payments in a correct, timely manner when eligible for benefits.
- Periodically, provide our customers clear guidance regarding their responsibilities to provide accurate, complete information and notify us of changes in status.
- Continue to inform employers of their responsibilities for providing timely, accurate, and efficient reports of railroad service and compensation and provide support as necessary.
- Continue work with employers to inform and improve modernization efforts that expand and enhance the use of available electronic reporting methods.
- Continue to expand paperless processing to increase efficiency and productivity in a virtual environment, to include the secure exchange of forms and medical evidence with third parties relative to administering the disability program.

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

- Increase customer self-service options via the Internet, including the ability to send and transmit benefit-related data in a secure manner.
- Continue to expand the functionality and services offered through the toll-free number (877-772-5772 or 877-RRB-5RRB) to achieve faster customer response times and to promote effective workload distribution across field office locations.
- Continue to make improvements to its Employer Reporting System (ERS) to increase the amount of information relative to railroad compensation, employment and service that employers can exchange with the agency through the Internet.

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 includes the following:

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

- 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.

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

- 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.
- Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives.
- 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.

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.

RAILROAD RETIREMENT BOARD

Appropriation Request by Strategic Goal

The RRB Performance Budget for Fiscal Year 2025 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 2022-2026.

Projection for the fiscal year 2025 budget funding level, is as follows:

- The agency request level for fiscal year 2025 for direct obligations is \$170,335,000. The direct obligations at this level would fund 880 FTEs to sustain the agency's mission essential functions.

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>2023</u>	<u>Estimate 2024</u>	<u>Agency Request 2025</u>			
<i>Budget authority:</i>	128,000	128,000	170,335			
<i>Outlays:</i>	128,000	128,000	170,335			
<i>Full-time equivalent employment:</i>	716	647	880			
<u>Fiscal Year</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
<i>Budget authority:</i>						
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
<i>Request level</i>	*	*	*	*	*	*

* Amounts for these years are to be determined.

Strategic Goal - IT Modernization

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

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2023</u>	Estimate <u>2024</u>	Agency Request <u>2025</u>
<i>Budget authority:</i>	26,001	21,835	27,385
<i>Outlays:</i>	26,001	21,835	27,385
<i>Full-time equivalent employment:</i>	107	90	104

<u>Fiscal Year</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
<i>Budget authority:</i>						
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
<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>2023</u>	Estimate <u>2024</u>	Agency Request <u>2025</u>
<i>Budget authority:</i>	66,086	74,073	100,895
<i>Outlays:</i>	66,086	74,073	100,895
<i>Full-time equivalent employment:</i>	436	434	600

<u>Fiscal Year</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
<i>Budget authority:</i>						
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
<i>Request level</i>	*	*	*	*	*	*

* Amounts for these years are to be determined.

Strategic Goal - Stewardship

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

Analysis of Resources
(in thousands of dollars)

<u>Fiscal Year/Level</u>	<u>2023</u>	Estimate <u>2024</u>	Agency Request <u>2025</u>
<i>Budget authority:</i>	35,913	32,092	42,055
<i>Outlays:</i>	35,913	32,092	42,055
<i>Full-time equivalent employment:</i>	173	123	176

<u>Fiscal Year</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
<i>Budget authority:</i>						
<i>Request level</i>	*	*	*	*	*	*
<i>Outlays:</i>						
<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 ^{1/}</u>	<u>Post-payment adjustments</u>	<u>Number of payments</u>	<u>Medicare enrollments ^{2/}</u>
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	502,553	26,540	890	3,681	63,173	6,547,246	7,339
2021	491,611	25,520	2,176	3,162	57,658	6,417,264	7,044
2022	481,911	23,272	1,118	3,425	59,154	6,287,702	7,408
2023 (est)	471,000	26,000	1,000	4,000	60,000	6,200,000	7,000
2024 (est)	464,000	25,000	1,000	4,000	62,000	6,100,000	7,000
2025 (est)	458,000	24,000	1,000	4,000	63,000	6,010,000	7,000

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

^{2/} Excludes attainments.

Railroad Unemployment/Sickness Insurance Program

Summary Processing Workload Table

		Unemployment insurance			Sickness insurance		
Fiscal Years	Railroad employment ^{1/}	Applications	Claims	Payments	Applications	Claims	Payments
2012	234,000	12,914	83,120 ^{2/}	72,776 ^{2/}	20,240	129,318	110,154
2013	237,000	14,944	96,871 ^{3/}	84,365 ^{3/}	19,110	119,364	100,951
2014	242,000	11,982	77,580 ^{3/}	64,864 ^{3/}	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	217,000	14,900	70,065	57,475	17,915	118,894	101,699
2020	195,000	51,089	234,441 ^{4/}	345,914 ^{4/}	22,907	133,212 ^{4/}	135,639 ^{4/}
2021	186,000	18,484	187,799 ^{5/}	296,239 ^{5/}	33,770	150,451 ^{5/}	162,580 ^{5/}
2022	190,000 (est)	8,102	49,977 ^{5/}	46,369 ^{5/}	21,720	131,010 ^{5/}	125,326 ^{5/}
2023 (est)	196,000	5,000	32,000	27,000	15,000	130,000	111,000
2024 (est)	194,000	8,000	53,000	44,000	17,000	133,000	114,000
2025 (est)	192,000	11,000	73,000	61,000	18,000	135,000	116,000

^{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 Worker, Homeownership and Business Assistance Act of 2009 (P.L. 111-92), the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (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).

^{3/} 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.

^{4/} Includes unemployment and sickness insurance claims and payments under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (P.L. 116-136).

^{5/} Includes unemployment and sickness insurance claims and payments under P.L. 116-136, the Continued Assistance to Rail Workers Act of 2020 (P.L. 116-260), and the American Rescue Plan Act of 2021 (P.L. 117-2), with no benefits payable under these acts for registration periods beginning after September 6, 2021.

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PERFORMANCE PLAN



Fiscal Year 2025

Railroad Retirement Board

Railroad Retirement Board - Fiscal Year 2025 Initial Performance Plan

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Railroad Retirement Board - Fiscal Year 2025 Initial Performance Plan

Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2025 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 2022 - 2026** 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 2025. 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 2025 for each performance goal is provided at 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 2025, 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 2025 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 2025 Initial Performance Plan

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

At the Agency Request level, we would plan to allocate \$27,385,000 and 104 FTE's to this strategic goal.

Our mission essential programs continue to be strained under the burden of legacy computer systems built over 40 years ago. Additionally, we continue to suffer significant institutional knowledge drain regarding these legacy systems and applications. While we have made significant strides in recent years, there is more to be done. Our current IT Modernization Program is a three-phased program to achieve such a comprehensive task. Today, we find ourselves preparing to complete the Stabilize Phase, where we established our cloud presence and modernized our support of a remote and hybrid workforce. Having shifted to the Modernize Phase in FY 2024, we will continue our efforts with the following focus in FY 2025 – 1) deliver new online services and applications to improve the annuitant and applicant experiences, and 2) gain efficiencies in core business processes, both supporting the RRB mission.

Simultaneously, we continue to improve our agency security posture as we modernize. Our funding request has additional detail regarding our compliance with OMB memorandum, M 22-16, Administration Cybersecurity Priorities for the FY 2024 Budget (July 22, 2022). More detail regarding our application modernization funding request and plan for compliance with the federal zero trust strategy is in the Cybersecurity Priorities Identified for M-22-16 section of this budget submission.

I-A. Strategic Objective: RRB's Transformation

The RRB is drafting an IRM Strategic Plan for Modernization with the following goals in support of the Agency's first Strategic Objective:

- Improve the User Experience
- Secure the Enterprise
- Upskill the IT Team
- Optimize the Infrastructure

The performance indicators that we will utilize to assess our progress toward our strategic objective and reference to the IRM Strategic Plan for Modernization Goals are as follows:

Railroad Retirement Board - Fiscal Year 2025 Initial Performance Plan

FY 2025 Performance Plan Strategic Goal I-A.	IRM Strategic Plan for Modernization Goals.
I-A-6. Complete the development of business rules strategy and data layer components of the modernization.	<ul style="list-style-type: none">• Improve the User Experience• Upskill the IT Team
I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces.	<ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team
I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes.	<ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team
I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration.	<ul style="list-style-type: none">• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure
I-A-10. Evaluate the re-engineering assessment deliverables to determine a cost-effective path forward to application rationalization and streamline business processes.	<ul style="list-style-type: none">• Improve the User Experience• Secure the Enterprise• Upskill the IT Team• Optimize the Infrastructure

Strategic Goal II: *Provide Excellent Customer Service.*

We aim to satisfy our customers' expectations for quality service in terms of service delivery options and levels and manner of performance. At the Agency Request level, we would plan to allocate \$100,895,000 and 600 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 annually assessed performance measures in place to track our timely administration of both Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) programs. In addition to the performance measures, and to further promote timely benefits payments, we will:

- Inform our customer about the actions they can take to ensure that they receive payments in a correct, timely manner when eligible for benefits.
- Periodically, provide our customers clear guidance regarding their responsibilities to provide accurate, complete information and notify us of changes in status.

Railroad Retirement Board - Fiscal Year 2025 Initial Performance Plan

- Periodically, provide our customers clear guidance regarding their responsibilities to provide accurate, complete information and notify us of changes in status.
- Continue to inform employers of their responsibilities for providing timely, accurate, and efficient reports of railroad service and compensation and provide support as necessary.
- Continue work with employers to inform and improve modernization efforts that expand and enhance the use of available electronic reporting methods.
- Continue to expand paperless processing to increase efficiency and productivity in a virtual environment, to include the secure exchange of forms and medical evidence with third parties relative to administering the disability program.

Our Customer Service Plan includes customer service timeliness standards for paying benefits. Through March 31, 2023, the overall actual performance was 98.9 percent. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for nearly 99 percent of the 90,885 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 2023 (through 3/31/2023)

- Retirement applications: 96.0% (target: 94.0%)
- Survivor applications: 96.9% (target: 94.2%)
- Disability applications/payments: 55.2% (target: 81.5%)
- RUIA applications/claims: 99.9% (target: 98.6%)

Overall disability performance is based on the two standards that apply to disability work:

- Decisions within 100 days.
- Payment within 25 days of decision or earliest payment date.

Performance was lower than expected due to priority given to focusing on the initial adjudication of claims with older filing dates resulting in achieving a significant reduction in the on-hand balances of these cases. Additional staffing in the Disability Benefits Division will provide some improvements in reducing the number of filings pending greater than a year. As these older cases are adjudicated, the overall disability program timeliness should improve.

Railroad Retirement Board - Fiscal Year 2025 Initial Performance Plan

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. We have two primary measures to assess our performance toward this objective: (1) how many electronic services we can provide in each program at a reasonable cost and (2) employer usage of the available services. Further, our goal is to expand customer choice by offering alternative access to our major services. In addition to our primary performance measures, we plan to:

- Increase customer self-service options via the Internet, including the ability to send and transmit benefit-related data in a secure manner.
- Continue to expand the functionality and services offered through the toll-free number (877-772-5772 or 877-RRB-5RRB) to achieve faster customer response times and to promote effective workload distribution across field office locations.
- Continue to make improvements to its Employer Reporting System (ERS) to increase the amount of information relative to railroad compensation, employment and service that employers can exchange with the agency through the Internet.

The RRB will continue to pursue enhancements during fiscal year 2023 with the automation of the Annuity Employee Estimate File (AESOP) as an addition to ERSNet. This service will provide timely notice and access to these reports electronically for responsible officials in their organizations. This will add one more service to the system bringing the total number of available services to 32 in the ERSNet system.

The RRB will utilize fiscal year 2024 to focus on improvements and enhancements to the existing 32 services and expects to develop 3 more services by the end of fiscal year 2024. These services include development of on-line ERSNet processes for the RL-27, Notice of Employer of Disability Annuity Application Denial and the GL-99, Deemed Service Questionnaire. In addition, we will develop and implement Form RL-13G (Notice to Employer of Relinquishment of Rights of Disability Annuitant who Attained Age 65), which was originally planned for FY 2023.

Railroad Retirement Board - Fiscal Year 2025 Initial Performance Plan

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

The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. At the Agency Request level, we would plan to allocate \$42,055,000 and 176 FTE's to stewardship.

We have established four objectives 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.

In addition to the primary performance measure that we are tracking to assess progress toward this object, 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 2022, we released our Performance and Accountability Report for fiscal year 2022. RMA Associates did not express an opinion (disclaimer) on the RRB's 2022 financial statements, which were included in that report. RMA Associates cited a cited lack of access to the National Railroad Retirement Investment Trust (NRRIT) auditors pursuant to the American Institute of Certified Public Accountants (AICPA) Professional Standards in AU-C section 600, Special Considerations – Audits of Group Financial Statements as both the basis for the disclaimer of opinion and as one of the components of the financial reporting material weakness. RMA also cited timeliness of evidential matter, Statement of Assurance Finding, Ineffective IT Control Over Financial Reporting, Preparing and Reviewing Financial Reporting, Lack of Correction Action Plans, Open Obligations Not Timely Reviewed, Unsupported Journal Entries, Financial Statement Analysis and Controls Over Railroad

Railroad Retirement Board - Fiscal Year 2025 Initial Performance Plan

Reporting, Lack of Correction Action Plans, Open Obligations Not Timely Reviewed, Unsupported Journal Entries, Financial Statement Analysis and Controls Over Railroad Service and Compensation. The RRB disagrees that these matters rise to the level of material weakness and with the basis RMA Associates cited for the disclaimer.

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 2022, the RRB invested the equivalent of about 17 full-time employees, at a cost of approximately \$2.15 million, in program integrity efforts. This resulted in about \$14.11 million in recoverables, \$887,194 in benefits saved, and the referral of 56 cases to the OIG for investigation. This is approximately \$6.99 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.

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

Information Security Program

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, even as executive orders, binding, and emergency operational directives emerge from the Administration. The need for an increased focus on cybersecurity today cannot be overstated. The RRB has implemented and will expand its 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. We partnered with the Department of Homeland Security (DHS) in the Continuous Diagnostic and Mitigation (CDM) program and continue to build upon our partnership with DHS-CISA by participating the CDM Dynamic and Evolving Federal Enterprise Network Defense (DEFEND) program. Our 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.

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

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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.
- Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives.
- Protect – Email Data Loss Prevention. Percentage of externally bound emails and their attachments automatically encrypted that contain personally identifiable or credit card information.
- Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.

The measurements ensure that the agency engages in proactive performance management of information technology by ensuring effectiveness, efficiency and security of operations. The use of performance measures and management processes allows the RRB to monitor actual versus expected results, while also providing appropriate oversight and quality control. The status of each measure is captured and evaluated monthly by those responsible for overseeing the measure, evaluated quarterly by the Office of the Chief Information Officer to ensure that the activity is meeting the expected measure and reported annually in the agency's fiscal year performance plan. In addition to our ongoing activities, during the planning period we will continue to emphasize key areas related to strategic management of human capital, improving program performance and accountability, and systems security.

Strategic Management of Human Capital

Like many agencies, the RRB has an aging workforce. About 36 percent of our employees have 20 or more years of service and 33 percent of the current workforce will be eligible for retirement by fiscal year 2025. The Bureau of Human Resources (HR) has shifted to a strategic approach in managing its human capital through such efforts as workforce and succession planning, alignment of the mission with employee performance to ensure efficient

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and effective accomplishment of RRB operations, and evaluating job-fit and recruitment efforts to ensure a developed, diverse, inclusive, engaged and accountable workforce. We continue to automate and streamline antiquated and outdated personnel policies, procedures and systems. In addition, HR has devoted considerable time and attention educating, developing, and training our employees and supervisors both in technical and soft skills in alignment with our agency mission, values and goals. HR continues to bring its practices in strategic alignment with the RRB's mission and best human resources management practices within the Federal government.

The Workforce Organization Management section of HR continues to refine recruitment efforts to ensure we receive applications from a talented, diverse, and inclusive pool of applicants. Through USAJOBS and other on-line recruitment sources, we have been able to reach candidates from across the country. We also utilize different recruitment strategies, like resume mining and targeted advertising, hiring flexibilities such as the Pathways Intern and Recent Graduate programs and direct hiring authorities to attract a diverse and quality applicant pool.

The Benefits, Employee & Labor Relations (BEL) section of HR continues to lead the efforts to negotiate the Nationwide Collective Bargaining Agreement (CBA), which was last negotiated in 1985. In addition to rewriting the CBA, the BEL section within HR has taken on the task of updating a number of Human Resources policies and negotiating those policies, where appropriate, with the Union. This includes creating new policies, and updating antiquated and outdated policies on Remote work, Performance Management and Hours of Work. The revisions of both the policies and the CBA are forward thinking and afford employees a number of flexibilities, are reflective of our Agency's emerging culture, encompass the importance of employee engagement as well as employee accountability and define a commitment to organizational responsibility.

The Training and Development section (T&D) within the Bureau of Human Resources utilizes the results from training needs assessments, workforce planning, and surveys to assist in prioritizing the RRB's employee training needs. T&D utilizes available technology, low-cost training options and innovative and best practices in training and development to deliver varied training modalities for all agency employees, whether the training is mandatory or developmental in nature. The T&D section continues to update and automate training instances available to RRB employees regardless of whether they are entry-level employees or managerial employees to ensure the successful accomplishment of the RRB's mission.

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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 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 Agency Request
<i>STRATEGIC GOAL I: Modernize Information Technology (IT) Operations to sustain mission essential services</i>						
<i>Strategic Objective: RRB's Transformation (formerly Legacy Systems Modernization).</i> Goal Leader: Terryne F. Murphy, Chief Information Officer						
I-A-1. Prepare to consolidate and rationalize applications to improve the effectiveness and efficiency of mission essential functions.	New Performance Goal for FY 2021	Azure Migration: 100%	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY24	Performance Indicator Complete and Closed Starting FY24
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 Performance Goal for FY 2021	100%	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY24	Performance Indicator Complete and Closed Starting FY24
I-A-3. Transition Mission Essential Programs from the End of- Life Mainframe hardware.	New Performance Goal for FY 2021	100%	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY24	Performance Indicator Complete and Closed Starting FY24
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 FY24 address mission critical functions.	New Performance Goal for FY 2021	100%	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY24	Performance Indicator Complete and Closed Starting FY24
I-A-5. Enhance infrastructure components to stabilize the information systems and the related ecosystems to prepare for the modernize phase.	New Performance Goal for FY 2021	100%	Goal Complete	Goal Complete	Performance Indicator Complete and Closed Starting FY24	Performance Indicator Complete and Closed Starting FY24
I-A-6. Complete the development of business rules strategy and data layer components of the modernization.	New Performance Goal for FY 2022	New Performance Goal for FY 2022	50%	50%	100%	Performance Indicator Complete and Closed Starting FY25

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RRB FY 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 Agency Request
<i>Strategic Objective: RRB's Transformation (formerly Legacy Systems Modernization).</i> Goal Leader: Terryne F. Murphy, Chief Information Officer						
I-A-7. Deliver citizen-centric services and applications to railroad employees through mobile- and web-ready interfaces.	New Performance Goal for FY 2022	New Performance Goal for FY 2022	0%	25%	50%	100%
I-A-8. Complete the streamlining of core business processes and modernize key applications, which support these processes.	New Performance Goal for FY 2022	New Performance Goal for FY 2022	0%	0%	25%	25%
I-A-9. Refine critical management processes in the following areas within the IT organization: change, project, program, and configuration.	New Performance Goal for FY 2022	New Performance Goal for FY 2022	50%	75%	100%	Performance Indicator Complete and Closed Starting FY25
I-A-10. Evaluate the re-engineering assessment deliverables to determine a cost-effective path forward to application rationalization and streamline business processes.	New Performance Goal for FY 2022	New Performance Goal for FY 2022	50%	100%	100%	Performance Indicator Complete and Closed Starting FY25

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RRB FY 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 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: Arturo Cardenas, Director of Programs Goal Leader for performance goal II-A-6: Mark Blythe, Director of Field Service Goal Leader for performance goal II-A-9: Spiridoula Mavrothalasitis, 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)	96.4%	97.0%	96.7%	95.7%	94.0%	94.0%
II-A-2. RRB makes a decision to pay or deny a railroad retirement employee or spouse initial annuity application within 60 days of the date the application was filed. (Measure: % ≤ 60 days)	97.5%	97.0%	96.7%	96.4%	94.0%	94.0%
II-A-3. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor not already receiving a benefit within 60 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 days)	95.0%	92.2%	91.9%	97.6%	94.0%	94.0%
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 35 days of the RRB's receipt of first notice of the employee's death. (Measure prior to FY 2024: % ≤ 30 days. Measure FY 2024 and later: % ≤ 35 days)	95.2%	94.8%	95.8%	96.0%	94.0%	94.0%

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RRB FY 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 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: Arturo Cardenas, Director of Programs Goal Leader for performance goal II-A-6: Mark Blythe, Director of Field Service Goal Leader for performance goal II-A-9: Spiridoula Mavrothalasitis, 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)	97.3%	95.0%	94.4%	99.1%	95.0%	95.0%
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%	98.5%
II-A-7. RRB makes a decision to pay or deny a benefit for a disabled applicant or family member within 100 days of the date the application is filed. (Measure: % ≤ 100 days)	13.5%	18.6%	12.6%	9.3%	70.0% ^{5/}	70.0% ^{5/}
II-A-8. RRB makes a payment to a disabled applicant within 25 days of the date of decision or earliest payment date, whichever is later. (Measure: % < 25 days)	88.5%	87.5%	89.4%	92.8%	94.0%	91.0%
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)	205	208	174	218	220	225

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RRB FY 2025 Initial Performance Plan		2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 Agency Request
STRATEGIC GOAL II: Provide Excellent Customer Service							
Strategic Objective: Provide a range of choices in service delivery methods. Goal leader: Arturo Cardenas, Director of Programs							
II-B-1. Offer electronic options to our customers, allowing them alternative ways to perform primary services via the Internet or interactive voice response systems. (Measure: Number of services available through electronic media)		19 services available	19 services available	19 services available	19 services available	19 ⁶ services available	20
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 electronic media to file reports; number of services available through electronic media)	a) Employers using ERS	98.9%	99.1%	99.3%	95.6%	99.0%	99.1%
	b) Internet Services	30 Internet services available	30 Internet services available	31 Internet services available	31 Internet services available	35 Internet services available	36 Internet services available
STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.							
Strategic Objective: Ensure that trust fund assets are protected, collected, recorded, and reported appropriately. Goal leader: Shawna R. Weekley, Chief Financial Officer							
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)		95.18%	89.08%	89.35%	88.78%	85.00%	85.00%

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RRB FY 2025 Initial Performance Plan		2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 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 through III-B-19: Arturo Cardenas, Director of Programs Goal leader III-B-2 (a): Mark Blythe, Director of Field Service Goal leader III-B-2 (b): Micheal Pawlak, Deputy Director of Programs							
III-B-1. Achieve a railroad retirement benefit payment accuracy rate ^{2/} of at least 99%. (Measure: percent accuracy rate)	a) Initial payments	99.57%	99.79%	99.82% (through 3/31/22)	Not Available	99.75%	99.00%
	b) Sample post recurring payments	Not Applicable Post Study Canceled	99.59%	99.29% (through 3/31/22)	Not Available	99.75%	99.00%
III-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{2/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	96.62%	97.58%	96.90%	100% (through 12/31/22)	95.50%	95.00%
	b) Sickness	97.88%	97.38%	98.53%	100% (through 12/31/22)	95.50%	95.50%
III-B-3. Overall Initial Disability Determination Accuracy. (Measure: % of Case Accuracy)		86.10%	83.30%	Not Available	Not Available	95.00%	95.00%
III-B-4. Maintain the level of Railroad Retirement Act (RRA) improper payments below the OMB threshold. (Measure: Below 1.5%)		N/A ^{8/}	N/A ^{8/}	N/A ^{8/}	N/A ^{8/}	N/A ^{8/}	N/A ^{8/}
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)		\$6.03: \$1.00	\$7.38: \$1.00	\$6.99: \$1.00	Not Available	\$4.00: \$1.00	\$5.00: \$1.00
III-B-6. Reduce the backlog of RRB's Cost of Living (COLA) annuity adjustment cases that do not fully process mechanically by 70% (less than 1,000 for FY 2024). ^{2/}		Superseded by III-B-13	Superseded by III-B-13	Superseded by III-B-13	Superseded by III-B-13	Superseded by III-B-13	Superseded by III-B-13

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RRB FY 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 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 through III-B-19: Arturo Cardenas, Director of Programs Goal leader III-B-2 (a): Mark Blythe, Director of Field Service Goal leader III-B-2 (b): Micheal Pawlak, Deputy Director of Programs						
III-B-7. Reduce the backlog of RRB's Service and Compensation annuity adjustment cases that do not fully process mechanically by 10% (less than 27,250 for FY 2024). ^{2/}	Superseded by III-B-14	Superseded by III-B-14	Superseded by III-B-14	Superseded by III-B-14	Superseded by III-B-14	Superseded by III-B-14
III-B-8. Reduce the backlog of earnings report annuity adjustment cases by 20% (less than 12,000 for FY 2024). ^{2/}	Superseded by III-B-15	Superseded by III-B-15	Superseded by III-B-15	Superseded by III-B-15	Superseded by III-B-15	Superseded by III-B-15
III-B-9. Reduce the backlog of miscellaneous retirement annuity adjustment cases, that may include an increase in a public pension, a favorable RRB Disability Freeze determination or a workman compensation adjustment by 15% (less than 7,500 for FY 2024). ^{2/}	Superseded by III-B-16	Superseded by III-B-16	Superseded by III-B-16	Superseded by III-B-16	Superseded by III-B-16	Superseded by III-B-16
III-B-10. Reduce the backlog of miscellaneous Social Security Retirement non-COLA adjustment cases that include changes in SSA benefit amounts due to processes such as Automatic Earnings Reappraisal Operation (AERO), garnishment reductions or voluntary tax withholding by 15% (less than 7,650 for FY 2024). ^{2/}	Superseded by III-B-17	Superseded by III-B-17	Superseded by III-B-17	Superseded by III-B-17	Superseded by III-B-17	Superseded by III-B-17

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RRB FY 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 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 through III-B-19: Arturo Cardenas, Director of Programs Goal leader III-B-2 (a): Mark Blythe, Director of Field Service Goal leader III-B-2 (b): Micheal Pawlak, Deputy Director of Programs						
III-B-11. Reduce the backlog of Social Security adjustment cases that include COLA adjustments and do not fully process mechanically by 11% (less than 3,050 for FY 2024). ^{9/}	Superseded by III-B-18	Superseded by III-B-18	Superseded by III-B-18	Superseded by III-B-18	Superseded by III-B-18	Superseded by III-B-18
III-B-12. Reduce the backlog of Social Security non-award record maintenance actions, which could result in a benefit payment adjustment by 11% (less than 73,750 for FY 2024). ^{9/}	Superseded by III-B-19	Superseded by III-B-19	Superseded by III-B-19	Superseded by III-B-19	Superseded by III-B-19	Superseded by III-B-19
III-B-13. Process RR cost of living reject referrals received October 1, 2023, and later within 90 days of receipt.	Effective FY 2024	Effective FY 2024	Effective FY 2024	Effective FY 2024	90.0%	90.0%
III-B-14. Process SS cost of living reject referrals received October 1, 2023, and later within 180 days of receipt.	Effective FY 2024	Effective FY 2024	Effective FY 2024	Effective FY 2024	85.0%	85.0%
III-B-15. Process Social Security Automatic Earnings Reappraisal Operation (AERO) referrals received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	Effective FY 2024	Effective FY 2024	80.0%	80.0%
III-B-16. Process earnings reports referred out by the System Processing Excess Earnings Database (SPEED) received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	Effective FY 2024	Effective FY 2024	80.0%	80.0%

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RRB FY 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 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 through III-B-19: Arturo Cardenas, Director of Programs Goal leader III-B-2 (a): Mark Blythe, Director of Field Service Goal leader III-B-2 (b): Micheal Pawlak, Deputy Director of Programs						
III-B-17. Process Earnings Data Processing (EDP Policing) referrals received October 1, 2023, and later within one year of receipt.	Effective FY 2024	Effective FY 2024	Effective FY 2024	Effective FY 2024	70.0%	70.0%
III-B-18. Process general Railroad and Social Security post referrals received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	Effective FY 2024	Effective FY 2024	80.0%	80.0%
III-B-19. Process Social Security Monthly Output Referrals (MOR) received October 1, 2023, and later within 240 days of receipt.	Effective FY 2024	Effective FY 2024	Effective FY 2024	Effective FY 2024	80.0%	80.0%

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RRB FY 2025 Initial Performance Plan		2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 Agency Request
STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers’ Trust Funds and Agency resources							
Strategic Objective: Ensure effectiveness, efficiency, and security of operations. Goal leader: Terryne F. Murphy, Chief Information Officer							
III-C-1. Deliver – Deliver on Budget. Percent of IT Projects costs within 10% of budgeted cost.	100%	100%	100%	100%	100%	85%	85%
III-C-2. Deliver – Meet Customer Expectation. WWW.RRB.GOV Internet Services (Mainline and employer Reporting System) Continuous availability experienced by end users.	a) Continuous availability target	99.31%	98.80%	99.76%	99.76	99%	99%
	b) Hours of outage allowed per month	4.83 Hours	8.83 Hours	1.67 Hours	1.75 Hours	7 Hours	7 Hours
III-C-3. Innovate – Design for Modularity. Strategy for Continuity of Operations Improvements.		Cloud-based enterprise test lab: No	Microsoft Azure Cloud: Yes	Microsoft Azure Cloud: Yes	Microsoft Azure Cloud: Yes	Decommission Legacy Disaster Recovery Site: Yes	Table Top Exercise: Yes
III-C-4. Innovate – Adopt New Technologies. Percentage of investments that evaluated cloud alternatives.		100%	100%	100%	100%	Performance Indicator Complete and Closed Starting in FY24	Performance Indicator Complete and Closed Starting in FY24
III-C-5. Protect – Email Data Loss Prevention. Percentage of externally bound emails and their attachments automatically encrypted that contain Personally identifiable or credit card information.		100%	100%	100%	100%	Performance Indicator Complete and Closed Starting in FY24	Performance Indicator Complete and Closed Starting in FY24
III-C-6. Protect – Percentage of agency employees required to use a Personal Identity Verification (PIV) card to authenticate.							
Unprivileged Network Users		> 66%	> 54%	> 49%	> 78%	> 85%	> 85%
Privileged Network Users		> 63%	> 98%	> 100%	> 100%	> 100%	> 100%

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RRB FY 2025 Initial Performance Plan	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 Agency Request
STRATEGIC GOAL III: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency resources						
Strategic objective: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust. Goal leader: Ana M. Kocur, General Counsel						
III-D-1. Timely review information reported by the National Railroad Retirement Investment Trust to carry out RRB's oversight responsibility under section 15(j) (5) (F) of the Railroad Retirement Act. Reports are to be reviewed within 30 days of receipt. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes

Footnotes:

- ^{1/} Fiscal year 2023 actual results represent status as of March 31, 2023, unless otherwise noted.
- ^{2/} Planned amounts reflect the fiscal year 2024 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released March 13, 2023.
- ^{3/} Fiscal year 2023 amount includes \$128,000,000 for Limitation on Administration account.
- ^{4/} Fiscal year 2024 Estimated amount includes \$128,000,000 for Limitation on Administration account.
- ^{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 goal for FY 2024 was lowered from 23 to 19. Four of the internet programs originally planned will not be put into production due to security concerns and outdated programming. New applications and programming will be needed.
- ^{7/} The payment accuracy rate is the percentage of dollars paid correctly as a result of adjudication actions performed.
- ^{8/} In FY 2018, OMB granted reporting relief for the RRA program because the improper payment analysis demonstrated it consistently fell below the thresholds for significant improper payments. The RRA program went into a three-year risk assessment cycle. In FY 2020, a risk assessment was conducted and found that the RRA program continued to fall below the thresholds for significant improper payments and another three-year risk assessment cycle began, now known as Phase 1. The RRA program is scheduled to conduct another risk assessment later this fiscal year and is expected to remain below the statutory thresholds for significant improper payments and stay in Phase 1.
- ^{9/} Goals III-B-6 through III-B-12 were first published in the FY 2024 Congressional Justification, which was released during March 2023. These goals were restructured to better represent and measure pending post adjudication workloads and are now included in our Plan as goals III-B-13 through III-B-19. They will be measured beginning in FY 2024. Goals III-B-6 through III-B-12 will not be measured as written, are superseded by goals III-B-13 through III-B-19, and are considered obsolete.

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RAILROAD RETIREMENT BOARD

Information Technology Modernization Program Initiatives

From 2018 through 2021, the RRB has received incremental funding from Congress through annual and pandemic-related appropriations to modernize its enterprise to provide secure, more convenient benefits administrative services to its customers. Much of the focus to date has been on modernization of our enterprise infrastructure and enterprise productivity applications.

As an independent agency, we have sought the use of shared services where appropriate and focused our modernization on legacy systems unique to our mission of benefits administration for the rail industry. The RRB has been successful becoming consumers of said shared services in the areas of identity management and cybersecurity, thereby reducing overall agency costs to comply with federal laws and guidelines. Included in these opportunities to use shared services are the cyber services from Cybersecurity & Infrastructure Security Agency (CISA) and the Department of Justice, as well as utilizing GSA's Login.Gov for public identity verification. Our use of shared-services is a critical piece of our overall IT strategy.

TECHNOLOGY MODERNIZATION FUND

The RRB continually seeks opportunities to identify funding sources to ensure continuous improvement of our mission critical systems. On December 13, 2022, the RRB was selected for an \$8.69M investment from GSA and OMB's Technology Modernization Fund (TMF) to improve the Customer Experience for our citizens. Our proposal for the TMF request included three main components; create public facing online services such as change of address and change of direct deposit for the rail community; improve our agency's internal system interfaces and create a new online sickness benefit application for the rail community. The RRB initiated its first TMF project in Q4, FY 2023 focused on the creation of the new public facing services. The RRB will utilize agile contracting methods to identify a partner with the functionality required to access our data and provide intuitive end-user interfaces to aid in adoption and streamline benefit processing. The RRB plans to propose additional TMF investments to continue modernizing the remaining major legacy applications and systems following the completion of the on-line Sickness benefit application in 2025.

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RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2025

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 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 RRB 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. The language below was included in our FY 2023 Appropriations Bill and we request that such language be included in our FY 2025 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.

RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2025

4. Amend the Railroad Retirement Board's Limitation on Administration account appropriation language to allow a limited amount of unobligated balances for fiscal year 2025 to remain available until expended in support of the Board's Information Technology Investment Initiatives.

The Railroad Retirement Board (RRB) has been engaged in a successful, multi-year effort to modernize its information technology systems. We request that the language proposed below be included in our FY 2025 Appropriations Bill in order that the RRB may more efficiently utilize the funds available for such ongoing efforts.

Provided further, That of the unobligated balances of funds provided under this heading at the end of fiscal year 2025 not needed for fiscal year 2025, not to exceed \$2,482,000 shall remain available until expended for information technology improvements and investments.

RAILROAD RETIREMENT BOARD

Evidence and Evaluation

As in the past, the following report is in accordance with OMB Circular A-11, Section 51.9. The 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), OMB memos M-19-23 and M-20-12, the recently issued Presidential Memorandum entitled "Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking" (1/27/2021), OMB M-21-27, and the January 2022 Scientific Integrity Task Force Report entitled "Protecting the Integrity of Government Science". 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*. Per the further guidance contained in OMB M-21-27, *Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans*, the RRB, as a small agency, is "undertaking the activities outlined in [the] guidance to the extent practicable". 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 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 appointed a Scientific Integrity Official (SIO) who is working with the CDO toward finding ways to implement the goals and guidance of the Presidential Memorandum regarding Evidence-Based Policymaking.
- The RRB has formed a Scientific Integrity Compliance Team (SICT) to review OMB guidance on Evidence-Based Policymaking, which consists of the CDO, SIO, and the Deputy Director of Administration.
- During this reporting cycle, the SICT has met with Office of Science and Technology Policy (OSTP) and submitted the agency's draft Scientific Integrity policy for OSTP review. The draft policy was reviewed by OSTP and received minimal suggestions and recommendations. The SICT is developing a final draft with an anticipated release for public comment via RRB.gov in 2023 and submission to OSTP for joint public release in 2024.

The RRB recognizes the importance of evidence and evaluation to understand and improve the efficiency and effectiveness of its programs and operations in pursuit of the agency's mission. The RRB's SICT has established communications with the OSTP. Through this communication, the RRB will continue to update OMB on progress toward furthering the goals of evidence-based policymaking.

RAILROAD RETIREMENT BOARD
Relationship of Programs to Account Structure
(in thousands of dollars)

	2025 Estimates	
	Budget Authority	Outlays
60-0111-0-1-601 ^{1/}		
Dual Benefits Payments Account.....	6,000	6,000
60-0113-0-1-601		
Federal Payments to the Railroad Retirement Accounts.....	2,170,161	2,170,161
60-8010-0-7-601		
Social Security Equivalent Benefit Account.....	9,072,600	9,061,100
60-8011-0-7-601		
Railroad Retirement Account.....	5,918,800	5,908,700
60-8118-0-7-601		
National Railroad Retirement Investment Trust.....	1,996,700	1,996,700
60-8237-0-7-601		
Limitation on Administration		
Agency Request level	170,335	170,335
Summary	2025 Estimates	
	Budget Authority	Outlays
Federal funds ^{2/}	2,176,161	2,176,161
Trust funds ^{3/}	16,988,100	16,901,800
Deductions for offsetting receipts:		
Intrafund transactions (Advances) ^{4/}	-5,311,300	-5,311,300
Intrafund transactions (NRRIT transfers) ^{4/}	-1,932,000	-1,932,000
Proprietary receipts from the public ^{5/}	-138,074	-138,074
Interfund transactions ^{6/}	-2,170,161	-2,170,161
TOTAL	9,612,726	9,526,426

^{1/} Actuarial estimates indicate a \$2 million decrease in Vested Dual Benefits from \$8 to \$6 million, based on Bureau of Actuary and Research review June 2023.

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

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

^{4/} Represents the estimated advances RRB plans to borrow from Treasury in anticipation of the annual financial interchange transfer from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds of \$5,311,300 and a transfer of \$1,932,000 from the NRRIT to the Railroad Retirement Account.

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

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

A-11 Reference - Section 51.4 (August 2023)