



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

BOARD MEMBERS:

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V.M. SPEAKMAN, JR., LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable Stephen S. McMillin
Acting Director and Deputy Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Dear Mr. McMillin:

Enclosed is our budget request for fiscal year 2009. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources needed for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

We are requesting \$109,492,000 to fund the operations of the Railroad Retirement Board (RRB) in fiscal year 2009. We believe this represents the minimum amount needed to provide an appropriate level of service to the public and to continue with important information technology (IT) initiatives. This budget submission also includes funding projections at the Office of Management and Budget (OMB) guidance level of \$103,518,000, which is the same as the President's proposed funding for fiscal year 2008. The guidance level is \$176,000 less than our enacted level of funding for fiscal year 2007.

Our agency request level would provide sufficient funding for 938 full-time equivalent staff years (FTEs) in fiscal year 2009 – slightly less than our current budgeted amount. At the OMB guidance level, RRB staffing would fall to 880 FTEs, which would require a hiring freeze in fiscal year 2009. The reduced staffing level would adversely affect the level of service that we would be able to provide to the public and delay our succession planning efforts. It would also slow planned improvements to our IT systems.

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At the agency request level of our budget, we are requesting an additional \$5,974,000 to enable the RRB to operate at the full performance level of the *RRB Performance Budget for Fiscal Year 2009*, which begins on page 35 of the budget submission. The increase includes \$3.6 million for salaries and benefits to provide for an agency staffing level of 938 FTEs, and resumption of the transit benefit subsidy program for RRB employees, which has been suspended in recent years due to insufficient funding. This budget level also includes an increase of \$1.9 million for IT investments. This includes funding to replace aging IT equipment in accordance with our standard replacement policy, and to go forward with additional E-Government initiatives, including implementation of the Enterprise Human Resources Integration system, which is one of the 25 Presidential E-Government initiatives. The remainder of the increase requested at the agency request level includes funding for necessary training, travel, and maintenance costs.

The RRB is continuing with a number of initiatives to improve and streamline customer service, particularly through our nationwide network of field offices. During fiscal year 2007, we have continued to reconfigure the field service to include 12 office networks, each with a hub office and 3 or 4 satellite offices. This configuration is useful in terms of providing more balanced staff support among offices based on unexpected increases in workloads, staff shortages in many offices and, in some cases, technological problems related to disruptions in network access or telecommunications. In accordance with this plan, we are implementing enhanced telecommunications services, and we expect to implement nationwide toll-free telephone service in the coming year.

In fiscal year 2007, the RRB participated for the first time in the Program Assessment and Rating Tool (PART) process for the Railroad Retirement Act and Railroad Unemployment Insurance Act programs. Results of the PART were favorable, with each program earning an overall performance rating of "Effective." This is the highest rating possible, and it indicates that the RRB pays benefits accurately and timely, and that we are tracking and achieving the majority of our performance measures. In connection with the PART review, we have established improvement plans to modernize our IT systems infrastructure, to modernize our customer service delivery, and to expand our document imaging system. Our improvement plans are already underway, and our budget request for fiscal year 2009 will support continuing improvements in these areas.

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In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2009 costs of vested dual benefits, \$72 million, with a 2 percent reserve of \$1.44 million. The RRB also requests \$336,060,334 for applicable military service credits through December 2004, with interest through August 1, 2007.

Finally, included in the budget submission are two agency legislative proposals. One would amend the Railroad Retirement Act to require issuance of social security numbers to employees of covered railroad employers. The other would amend the Railroad Retirement Act to allow the RRB to use various hiring authorities offered by the Office of Personnel Management.

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 2009 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Original signed
Michael S. Schwartz, Chairman
V. M. Speakman, Jr., Labor Member
Jerome F. Kever, Management Member

September 4, 2007

Enclosure