

Program Letter

United States Railroad Retirement Board Office of Programs



Quality Reporting Service Center

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Date: May 17, 2007

TO: Unemployment and Sickness Contact Officials

SUBJECT: Elimination of Multiple Payments of Section 12(o) or 2(f) Debts with One Check

Please share this with appropriate members of your staff who reimburse the Railroad Retirement Board (RRB) under Section 12(o) or 2(f) of the Railroad Unemployment Insurance Act.

PURPOSE

The purpose of this program letter is to:

- Inform you that effective **July 1, 2007** the RRB will no longer allow payment of multiple Section 12(o) or 2(f) debts with one check;
- Give you background information regarding the existing problem;
- Inform you of the benefits to this change;
- Inform you who to contact for questions.

NEW PROCESS

Effective **July 1, 2007**, the RRB will require:

- A one-to-one relationship between the remittance and the bill, meaning that rail employers may no longer send one check for multiple debts and;
- employers to remit payment as soon as settlement is made rather than accumulate them.

Payments that do not comply with the one to one relationship will be returned to the employer unprocessed. Several employers are already in compliance, but others may need some time to make processing and procedural changes.

BACKGROUND INFORMATION- PROBLEM

The Federal Reserve Bank's Electronic Check Processing System (ECP) now settles all payments sent to the RRB's lockbox. ECP processing assumes a one-one relationship between the remittance and the associated correspondence or documents. Consequently, the RRB is unable to reconcile remittances with an individual's social security number (SSN) when multiple payments are made using one check because ECP associates the remittance with the first SSN on the list only.

The issue is most noticeable and problematic in rail employer settlement payments where the employer issues one check for multiple items on a list. In a review, the RRB found that some employers withhold payment of lien amounts until they have accumulated a week or month's worth of payments to be made.

This change is necessary because the current process requires the RRB's Debt Recovery staff to reconcile each payment shown on the list. When amounts have been remitted prior to notification of settlement, additional work is required to manage unapplied cash items. The entire process of working from the lists is cumbersome and error prone.

BENEFITS

As a result of this change the RRB will:

- be able to quickly and accurately identify the account to which the remittance corresponds;
- be able to resolve remittance and recoverable discrepancies more efficiently and;
- no longer have to resolve listings where the amount shown as paid and the actual check do not match.

CONTACT

You may contact Lawrence Haskin at (312) 751-4963 or Lawrence.Haskin@rrb.gov in the RRB's Debt Recovery Division with any questions.