
RAILROAD RETIREMENT BOARD

JUSTIFICATION OF BUDGET ESTIMATES



FISCAL YEAR 2009



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

BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN
V.M. SPEAKMAN, JR., LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Madam Speaker:

In compliance with the Office of Management and Budget (OMB) Circular No. A-11, enclosed is our Congressional Justification of Budget Estimates for Fiscal Year 2009, which includes our Performance Budget for the year. This budget complies with OMB guidance and is in accordance with the President's proposals. The President's proposed budget provides for \$105,463,000 for the Railroad Retirement Board's (RRB) administrative expenses in fiscal year 2009. The RRB requested a total agency budget of \$109,492,000.

The Railroad Retirement Board is an independent agency in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement/survivor and unemployment/sickness insurance benefit programs for the nation's railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage. It also assists in the administration of the Internal Revenue Code.

The President's proposed administrative funding level of \$105,463,000 for fiscal year 2009 is about \$3.6 million more than the RRB's fiscal year 2008 appropriation. We estimate that the proposed funding will provide for a staffing level of 910 full-time equivalent staff years (FTEs) in fiscal year 2009, which is 8 FTEs less than the agency plans to use in fiscal year 2008. The proposed budget would also provide \$2,370,000 for information technology investments.

UNITED STATES RAILROAD RETIREMENT BOARD

In addition to the requests for administrative expenses, the President's budget includes \$72 million to fund the continuing phase-out costs for vested dual benefits. An additional amount, not to exceed \$1,440,000, would also become available if projected dual benefit payments for the year exceed the amount available for payments. Also presented in the budget is a request for \$150,000 for interest related to uncashed railroad retirement checks. The \$150,000 is being requested for a 2-year period, and would be available through September 30, 2010. All of the amounts presented in this letter exclude funding for the RRB's Office of Inspector General, which submits separate budget and performance information.

Thank you for your support of this proposed budget.

Sincerely,

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

February 7, 2008

Enclosure

cc: The Honorable Jim Nussle, Director
Office of Management and Budget



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

BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN
V.M. SPEAKMAN, JR., LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable Richard B. Cheney
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

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JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 2009

TABLE OF CONTENTS

	<u>Page Number</u>
AGENCY OVERVIEW	
Summary of Appropriation Estimates for Fiscal Years 2008 and 2009.....	1
Programs Administered by the Railroad Retirement Board.....	2
Financing of Railroad Retirement Benefits.....	3
Financing Provisions of the Railroad Retirement and Survivors’ Improvement Act of 2001.....	4
Financing of Unemployment and Sickness Insurance Benefits.....	5
Description of Appropriation Requests.....	6
The Board Members.....	7
Railroad Retirement Board Organization Chart.....	8
LIMITATION ON ADMINISTRATION	
Proposed Appropriation Language.....	9
Explanation of Proposed Appropriation Language.....	10
Authorizing Legislation.....	11
Budget Authority by Object Classification.....	12
Summary of Changes.....	13
Budget Authority by Strategic Goal.....	14
Staffing History.....	15
Funding for Major Contracts.....	16
Budget Authority by Fund.....	19
Financing.....	20
Sources and Uses of Funds.....	21
Amounts Available for Obligation.....	22
Appropriations History Table.....	23
Retirement/Survivor Benefit Program Summary Processing Workload Table.....	24
Unemployment/Sickness Insurance Program Summary Processing Workload Table..	25

TABLE OF CONTENTS

	<u>Page Number</u>
PERFORMANCE BUDGET	
Fiscal Year 2009 Performance Budget.....	27
DUAL BENEFITS PAYMENTS ACCOUNT	
Proposed Appropriation Language.....	57
Explanation of Proposed Appropriation Language.....	58
Authorizing Legislation.....	59
Appropriations History Table.....	60
Funding Sources.....	61
Amounts Available for Obligation.....	62
Explanation of 2009 Request.....	63
FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS	
Proposed Appropriation Language.....	65
Explanation of Proposed Appropriation Language.....	66
Authorizing Legislation.....	67
Appropriations History Table.....	67
Amounts Available for Obligation.....	68
Explanation of 2009 Request.....	68
INFORMATION TECHNOLOGY INITIATIVES	
Information Technology Strategy and Benefits.....	69
OTHER INFORMATION	
Summary of Full-time Equivalent Employment.....	79
Average ES Levels, GS/GM Grades, and Salaries.....	80
Employee Relocation Expenses.....	81

Note: Pages 26, 78, and 82 are blank.

RAILROAD RETIREMENT BOARD

SUMMARY OF APPROPRIATION ESTIMATES
FOR FISCAL YEARS 2008 and 2009

<u>Account</u>	<u>Fiscal Year 2008</u>		<u>Fiscal Year 2009</u>		<u>Page Number</u>
	<u>FTE's</u>	<u>Amount</u>	<u>FTE's</u>	<u>Amount</u>	
Limitation on Administration	918	\$101,882,466 <u>a/</u>	910 <u>b/</u>	\$ 105,463,000	9
Dual Benefits Payments Account	—	\$ 79,000,000 <u>a/</u>	—	\$ 72,000,000 <u>c/</u>	57
Federal Payments to the Railroad Retirement Accounts	—	\$ 150,000 <u>a/</u>	—	\$ 150,000 <u>d/</u>	65
Limitation on the Office of Inspector General	53	\$ 7,047,688 <u>a/</u>	53	\$ 7,806,000 <u>e/</u>	—

a/ The amounts for fiscal year 2008 reflect the level of funding provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161), including a rescission of 1.747 percent for discretionary accounts. The Limitation on Administration reflects an appropriation of \$103,694,000, less a rescission of \$1,811,534; the Limitation on the Office of Inspector General reflects an appropriation of \$7,173,000, less a rescission of \$125,312; and the Dual Benefits Payments Account reflects an appropriation of \$79,000,000, less a rescission of \$1,380,130. The rescission amount for the Dual Benefits Payments Account was restored from the 2 percent contingency reserve in order to pay full vested dual benefits.

b/ The President's budget provides for 910 FTEs in fiscal year 2009, including FTEs reimbursed by the Centers for Medicare and Medicaid Services. This is 8 FTEs less than the projected FTE level for fiscal year 2008.

c/ The appropriation language provides for \$72,000,000 to fund vested dual benefits from general revenues of which \$5,000,000 is expected from income taxes on vested dual benefits. The appropriation language provides for an additional 2 percent reserve (\$1,440,000) which would become available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available to pay vested dual benefits.

d/ This amount reflects our latest estimate for interest related to uncashed railroad retirement checks and will remain available through September 30, 2010.

e/ This limitation is for the Railroad Retirement Board's Office of Inspector General, which submits a separate budget justification document and annual performance budget.

AGENCY OVERVIEW

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement/survivor and unemployment/sickness insurance benefit programs for the nation's railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage. It also assists in the administration of the Internal Revenue Code.

The RRB is headed by three Board Members appointed by the President of the United States with the advice and consent of the Senate. By law, one member is appointed upon recommendations made by railroad labor organizations and one upon recommendations of railroad employers. The third member, the Chairman, represents the public interest. The Board Members' terms of office are 5 years and expire in different years. The President also appoints an independent statutory Inspector General for the RRB (who functions outside the control of the Board Members, but who reports directly to the Chairman for administrative purposes) who is to prevent and detect waste, fraud, and abuse in RRB programs and operations. Additional information on the Board Members is provided on page 7. A current organization chart of the RRB is shown on page 8.

During fiscal year 2007, the RRB paid \$9.8 billion, net of recoveries, in retirement and survivor benefits and \$74.6 million, net of recoveries, in unemployment and sickness insurance benefits. During fiscal year 2007, about 616,000 beneficiaries received retirement and survivor benefits, some 10,000 railroad workers received unemployment insurance benefits, and more than 19,000 received sickness insurance benefits. During fiscal year 2007, the RRB also paid benefits on behalf of the Social Security Administration amounting to \$1.2 billion to about 121,000 beneficiaries.

Programs Administered by the RRB

Railroad Retirement Act

Under the Railroad Retirement Act, the RRB makes monthly benefit payments to qualified railroad employees who retire because of age or disability, to eligible spouses of such employees, and to survivors of deceased employees. Total and permanent disability annuities are payable to employees unable to work at any job, and occupational disability annuities are payable to career railroad employees unable to work at their regular railroad jobs. Supplemental annuities are payable to career railroad employees with service prior to October 1981. There are also provisions for lump-sum payments.

The Railroad Retirement and Survivors' Improvement Act of 2001 (P.L. 107-90), enacted on December 21, 2001, made a number of major changes to the Railroad Retirement Act. The

legislation provides for full early retirement eligibility at age 60 for railroad employees with 30 or more years of service; eliminates the maximum provision that had previously capped some employee and spouse railroad retirement benefits; reduces the basic eligibility requirement for an employee annuity from 10 to 5 years if performed after 1995; and provides increased benefits for some widow(er)s. The RRB has implemented these changes.

The RRB also administers certain vested dual benefits financed by annual appropriations from general funds. Of the 568,224 beneficiaries on the rolls as of September 30, 2007, nearly 44,000 received these benefits.

Railroad Unemployment Insurance Act

Under the Railroad Unemployment Insurance Act, the RRB pays unemployment insurance benefits to railroad workers who are unemployed but ready, willing, and able to work, and sickness insurance benefits to railroad workers who are unable to work because of illness, injury, or pregnancy. The RRB also assists unemployed railroad workers in securing employment.

Financing of Railroad Retirement Benefits

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by covered employers and their employees. By law, railroad retirement taxes are coordinated with social security taxes. Employees and employers pay tier I taxes at the same rate as social security taxes. In addition, both employees and employers pay tier II taxes, which are used to finance railroad retirement benefit payments over and above social security benefit levels.

Other sources of income currently include Federal income taxes on railroad retirement annuities, appropriations from general funds of the Department of the Treasury (Treasury) provided to phase-out vested dual benefits, interest on investments, and the financial interchange with the social security trust funds. The financial interchange places the social security trust funds in the same position they would be in if railroad service were covered by the social security program instead of the railroad retirement program. In effect, through the financial interchange, the portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system, thereby extending social security protection to railroad workers. The Social Security Equivalent Benefit Account is charged with railroad retirement benefit payments equivalent to social security benefits, and credited with taxes and transfers associated with those benefits.

Vested dual benefits are funded by annual appropriations from general funds of the Treasury and paid from a separate account, the Dual Benefits Payments Account. Since October 1, 1988, revenue from income taxes on these benefits has also been credited to the Dual Benefits Payments Account. If the appropriation in a fiscal year does not cover total benefits, individual payments must be reduced by proration.

Amounts needed to administer these programs are authorized by the Congress in annual appropriation acts. In addition, the Centers for Medicare and Medicaid Services and others reimburse the RRB for certain activities. In fiscal year 2009, it is estimated that the RRB will be reimbursed \$8.2 million for such costs.

Financing Provisions of the Railroad Retirement and Survivors' Improvement Act of 2001

Investment changes. The Railroad Retirement and Survivors' Improvement Act of 2001 (RRSIA) provides for the transfer of railroad retirement funds from the Railroad Retirement Accounts to the National Railroad Retirement Investment Trust, whose Board of Trustees is empowered to invest Trust assets in nongovernmental assets, such as equities and debt, as well as in governmental securities. The Railroad Retirement Board also receives transfers from the Trust, as needed, to pay railroad retirement and survivor benefits.

The Trust is not an agency or instrumentality of the Federal Government. Its Board of Trustees is comprised of seven members: three members selected by rail labor to represent the interests of labor; three members selected by rail management to represent management interests; and one independent member selected by a majority of the other six members. The Trustees are appointed only from persons who have experience and expertise in the management of financial investments and pension plans. The Trustees are subject to reporting and fiduciary standards similar to those under the Employee Retirement Income Security Act.

The RRB transferred \$1.502 billion, \$19.188 billion, and \$586 million to the Trust in fiscal years 2002, 2003, and 2004, respectively. The Trust has invested the transferred funds and the results of these investments are reported to the RRB and posted periodically on the RRB's website. Specifically, the Trust reported a market value gain of about \$4.7 billion in fiscal year 2007. The market value of Trust-managed assets on September 30, 2007, was approximately \$32.7 billion. Through fiscal year 2007, the Trust has transferred \$5.011 billion to the RRB to pay railroad benefits, including \$947 million and \$1.391 billion, respectively, in fiscal years 2006 and 2007.

Effect on payroll taxes. Under the RRSIA, the tier II tax rates on covered employers, including rail labor unions, was reduced from 16.1 percent to 15.6 percent in 2002, and to 14.2 percent in 2003. There was no change in the tier II tax rate of 4.9 percent on employees. Beginning with the taxes payable for calendar year 2004, tier II taxes on both employers and employees are based on the ratio of certain asset balances to the sum of benefits and administrative expenses (the average account benefits ratio). Depending on the average account benefits ratio, tier II taxes for employers will range between 8.2 percent and 22.1 percent, while the tier II tax rate for employees will be between 0 percent and 4.9 percent.

The calendar year 2008 tier II tax rates are 12.1 percent and 3.9 percent for rail employers and employees, respectively. The maximum amount of earnings subject to tier II taxes is \$75,900 in 2008.

The RRSIA does not affect tier I social security equivalent tax rates. The tier I tax on employees and employers remains the same as for social security covered employees and employers.

Supplemental annuities. The RRSIA also repealed the railroad retirement supplemental annuity tax paid by covered employers, and eliminated the separate Railroad Retirement Supplemental Account. While supplemental railroad retirement annuities provided by the Railroad Retirement Act continue to be due and payable, they are now funded from the Railroad Retirement Account.

Financing of Unemployment and Sickness Insurance Benefits

The railroad unemployment and sickness insurance program is financed by payroll taxes paid by covered employers. The Railroad Unemployment Insurance and Retirement Improvement Act of 1988 (Public Law 100-647) amended the Railroad Unemployment Insurance Act to provide for an experience-rated employer contribution system responsive to fluctuations in railroad employment and benefit usage.

For calendar year 2008, the minimum employer contribution rate is 2.15 percent, including a 1.5 percent surcharge. However, the 1.5 percent surcharge does not apply to new employers. New employers in 2008 will pay a tax of 3.02 percent, which represents the average rate paid by all employers in the period 2004-2006. The 2008 rate is applied to the first \$1,280 earned monthly by each employee. In accordance with Public Law 100-647, the wage base is indexed each year to approximately two-thirds of the cumulative growth in average national wages since 1984. An employer's overall rate under the system cannot exceed 12 percent, or 12.5 percent if the maximum surcharge described below is in effect. These rates include a component to cover costs shared by all employers and 0.65 percent of the employers' taxable payroll is permanently appropriated to the RRB for administrative expenses. In addition, a surcharge is added to employers' unemployment contributions for any calendar year when the balance in the Railroad Unemployment Insurance Account on the previous June 30 is less than a certain amount. Depending on the account balance, the surcharge rate may be 1.5, 2.5, or 3.5 percent of the wage base.

Description of Appropriation Requests

Limitation on Administration

This is the single administrative account for the RRB, which provides funding for the administration of both the railroad retirement/survivor and the unemployment/sickness insurance benefit programs. Amounts needed for this limitation are to be derived from the Railroad Retirement Account, the Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Administration Fund.

Dual Benefits Payments Account

Section 15(d) of the Railroad Retirement Act provides for a Dual Benefits Payments Account which is separate from other railroad retirement accounts. The vested dual benefit portion of railroad retirement annuities is paid from this account and is funded by appropriations from general revenues. Background on this account is presented on pages 63 and 64.

Federal Payments to the Railroad Retirement Accounts

This account was established in conjunction with the implementation of the Railroad Retirement Solvency Act of 1983. Section 417 of the act amended the Railroad Retirement Act to provide for the reimbursement of unnegotiated benefit checks to the extent that such reimbursements are provided for, in advance, in appropriations acts. This account is the vehicle through which such appropriations are made.

Beginning in fiscal year 1991, the RRB no longer receives credit to this account for the principal amount of uncashed railroad retirement checks. Under provisions of the Competitive Equality Banking Act of 1987, funds for the principal amount of uncashed checks are appropriated to the Treasury and then transferred directly to the appropriate RRB accounts. As a result, in fiscal year 1991, the RRB began receiving credits to this account for only the interest portion of the uncashed check transfers. This account also acts as a conduit for transferring income taxes on benefits to the other railroad retirement accounts.

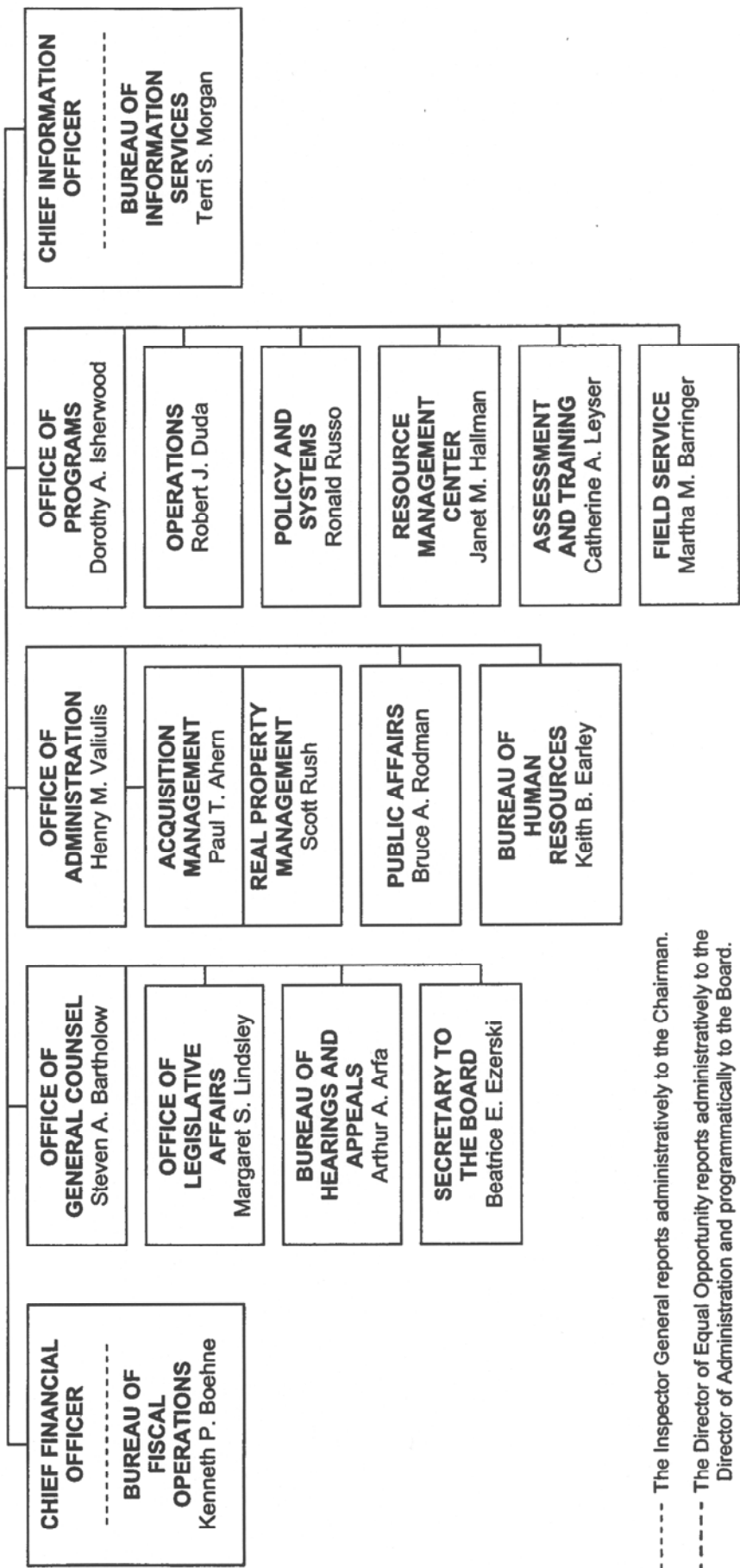
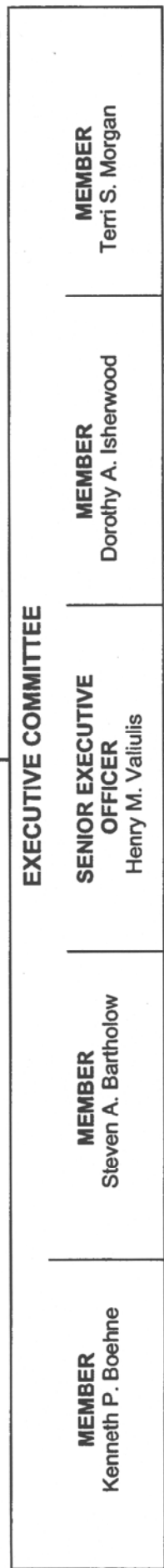
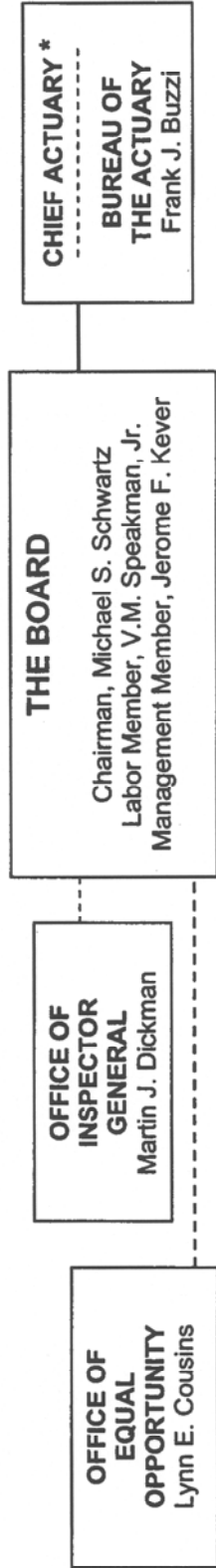
Limitation on the Office of the Inspector General

This appropriation request, which is described in a separate justification document, is for the Office of the Inspector General. The 1988 amendments to the Inspector General Act of 1978 (Public Law 100-504) included the RRB as an "establishment" covered by the Inspector General Act and specified the Chairman of the RRB as the head of the establishment for purposes of the act. Previously, the Railroad Retirement Solvency Act of 1983 had amended the Railroad Retirement Act of 1974 to provide for an Office of Inspector General at the RRB.

The Board Members

<u>Incumbent's name/ (Title)</u>	<u>Term expiration date</u>	<u>RRB compensation rate effective January 2008</u>	<u>Professional affiliations</u>
Michael S. Schwartz (Chairman)	08-28-12	\$158,500	None
Jerome F. Kever (Management Member)	08-28-08	\$149,000	American Institute of Certified Public Accountants
Virgil M. Speakman, Jr. (Labor Member)	08-28-09	\$149,000	Brotherhood of Railroad Signalmen Federal Managers' Association American Federation of Government Employees

U.S. RAILROAD RETIREMENT BOARD



----- The Inspector General reports administratively to the Chairman.
 ----- The Director of Equal Opportunity reports administratively to the Director of Administration and programmatically to the Board.
 * Non-voting member of the Executive Committee.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

LIMITATION ON ADMINISTRATION

For necessary expenses for the Railroad Retirement Board for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, [\$103,694,000] *\$105,463,000*, to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund.

(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p>For necessary expenses for the Railroad Retirement Board for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, [\$103,694,000] <i>\$105,463,000</i>, to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund.</p>	<p>This budget request is for funds to administer the railroad retirement/survivor and unemployment/sickness insurance benefit programs under a single administrative account. The Limitation on Administration Account draws on the following trust fund accounts for funding: Railroad Retirement Account, Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Administration Fund.</p>

Authorizing Legislation

<u>Legislation</u>	2008		2009	
	<u>Authorized</u>	<u>Current estimate</u>	<u>Authorized</u>	<u>Appropriation Request</u>
Authorizing legislation -- Railroad Retirement Act: Section 15(a), first two sentences of section, and Section 15A(c)(1)	Indefinite	\$101,882,466 <u>a/</u>	Indefinite	\$105,463,000
Authorizing legislation -- Railroad Unemployment Insurance Act: Section 11(a)				

a/ This amount reflects the level of funding provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161), less a rescission of 1.747 percent.

Section 15(a) of the Railroad Retirement Act:

"The Railroad Retirement Account established by section 15(a) of the Railroad Retirement Act of 1937 shall continue to be maintained in the Treasury of the United States. There is hereby appropriated to such Account for each fiscal year, beginning with the fiscal year ending June 30, 1975, to provide for the payment of benefits to be made from such Account in accordance with the provisions of section 7(c)(1) of this Act, and to provide for expenses necessary for the Board in the administration of all provisions of this Act, an amount equal to amounts covered into the Treasury (minus refunds) during each fiscal year under the Railroad Retirement Tax Act."

Section 15 A(c)(1) of the Railroad Retirement Act:

"Except as otherwise provided in this section, amounts in the Social Security Equivalent Benefit Account shall be available only for purposes of paying social security equivalent benefits under this Act and to provide for the administrative expenses of the Board allocable to social security equivalent benefits."

Section 11(a) of the Railroad Unemployment Insurance Act:

"The Secretary of the Treasury shall maintain in the unemployment trust fund established pursuant to section 904 of the Social Security Act an account to be known as the railroad unemployment insurance administration fund. This unemployment insurance administration fund shall consist of (i) such part of all contributions collected pursuant to section 8 of this Act as equals 0.65 per centum of the total compensation on which such contributions are based; (ii) all amounts advanced to the fund by the Secretary of the Treasury pursuant to this section; (iii) all amounts appropriated by subsection (b) of this section; and (iv) such additional amounts as Congress may appropriate for expenses necessary or incidental to administering this Act. Such additional amounts are hereby authorized to be appropriated."

ADMINISTRATIVE EXPENSES *a/*
Budget Authority By Object Classification

<u>Limitation on Administration</u>	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Increase or
<u>Direct obligations by object class</u>	<u>actual amounts(\$)</u> <i>b/c/</i>	<u>estimated amounts(\$)</u> <i>c/d/</i>	<u>estimated amounts(\$)</u> <i>c/</i>	<u>decrease(\$)</u>
Personnel compensation:				
Full-time permanent	62,449,000	64,431,000	64,968,000	537,000
Positions other than permanent	849,000	801,000	894,000	93,000
Other personnel compensation	<u>1,667,000</u>	<u>1,533,000</u>	<u>1,408,000</u>	<u>(125,000)</u>
Total personnel compensation	64,965,000	66,765,000	67,270,000 <i>e/</i>	505,000
Personnel benefits: civilian	14,657,000	14,790,000	15,108,000	318,000
Benefits for former personnel	170,000	200,000	200,000	0
Travel and transportation of persons	680,000	750,000	711,000	(39,000)
Transportation of things	106,000	63,000	45,000	(18,000)
Rental payments to GSA <i>f/</i>	3,450,000	3,650,000	3,850,000	200,000
Communications, utilities, and miscellaneous charges	4,188,000	4,406,000	5,059,000	653,000
Printing and reproduction	274,000	311,000	328,000	17,000
Consulting services	586,000	626,000	646,000	20,000
Other services	12,767,000	8,669,000	11,093,000 <i>g/</i>	2,424,000
Supplies and materials	721,000	678,000	697,000	19,000
Equipment	<u>1,034,000</u>	<u>974,000</u>	<u>456,000</u>	<u>(518,000)</u>
Total, direct obligations	103,598,000	101,882,000	105,463,000 <i>h/</i>	3,581,000
Unobligated balance	<u>96,000</u>	==	==	==
Total budget authority	<u>103,694,000</u>	<u>101,882,000</u>	<u>105,463,000</u>	<u>3,581,000</u>

- a/* In a separate justification document, the Office of Inspector General is also requesting \$7,806,000 for administrative expenses in fiscal year 2009.
- b/* Amounts reflect the actual use of the \$103,018,000 appropriation to the Limitation on Administration received under Public Law 110-5 in fiscal year 2007, plus \$675,878 reimbursement for half of the January 2007 pay raise provided by Section 111 of P.L. 110-5.
- c/* The Limitation on Administration excludes \$8.3 million in fiscal year 2007 that the RRB expects to be reimbursed from the Centers for Medicare and Medicaid Services (CMS) and others. Amounts for fiscal years 2008 and 2009 exclude \$8.4 million and \$8.2 million, respectively, that the RRB expects to be reimbursed from CMS and others in each of these years.
- d/* Reflects the \$103,694,000 provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161), less a 1.747 percent rescission in accordance with P.L. 110-161.
- e/* This amount includes a locality-based comparability and cost-of-living increase of 2.9% effective January 2009, in accordance with OMB guidance.
- f/* Reflects the payment of actual costs to the General Services Administration (GSA) for the rental of space.
- g/* This amount includes \$550,000 for security provided by the Federal Protective Service and an estimated \$4,000 for education and training of the acquisition workforce.
- h/* The RRB expects to spend \$22,000 on energy conservation measures in fiscal year 2009 (OMB Circular A-11, Section 25.5).

Note: Amounts shown in the table are rounded to the nearest thousand.

SUMMARY OF CHANGES 1/

	<u>Appropriation total</u>
FY 2008 appropriation.....	\$101,882,000 <u>2/</u>
FY 2009 estimate	<u>\$105,463,000</u>
Net change.....	\$ 3,581,000

	<u>2008 Current (Base)</u>	<u>2009 Change from Base</u>
	<u>FTEs</u>	<u>FTEs</u>
	<u>Budget authority</u>	<u>Budget authority</u>
<u>Increases:</u>		
<u>Built-in:</u>		
1. Net change related to full-time and part-time salaries: net loss of FTEs, -\$1,495,000; annualization of January 2008 pay raise, +\$500,000; January 2009 pay raise, +\$1,375,000; grade/step increases, +\$250,000; and other personnel compensation (awards and overtime), -\$125,000.	918	\$66,765,000
		-8
		\$505,000
2. Net change related to personnel benefits: net loss of FTEs, -\$340,000; annualization of January 2008 pay raise, +\$115,000; January 2009 pay raise, +\$312,000; grade/step increases, +\$55,000; other changes in benefit costs (health insurance, etc.), +\$176,000.	-----	14,790,000

		<u>318,000</u>
Subtotal, built-in compensation increases <u>3/</u>		<u>-8</u>
		\$823,000
<u>Program:</u>		
1. Rental payments to GSA	-----	\$3,650,000

		\$ 200,000
2. Communications, utilities, and miscellaneous charges	-----	4,406,000

		653,000
3. Printing and reproduction	-----	311,000

		17,000
4. Consulting services	-----	626,000

		20,000
5. Other services	-----	8,669,000

		2,424,000
6. Supplies	-----	678,000

		<u>19,000</u>
Subtotal, program increases		<u>\$3,333,000</u>
Total increases		<u>\$4,156,000</u>
<u>Decreases:</u>		
<u>Program:</u>		
1. Travel and transportation of persons	-----	\$ 750,000

		\$(39,000)
2. Transportation of things	-----	63,000

		(18,000)
3. Equipment	-----	974,000

		<u>(518,000)</u>
Total decreases		<u>\$(575,000)</u>
Net change		<u>-8</u>
		<u>\$3,581,000</u>

1/ Corresponds to page 12 - Administrative Expenses.

2/ Amount shown reflects the level of funding provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161).

3/ Savings estimated from the net loss of FTEs assumes salary and related benefit costs for employees that leave the agency will be significantly higher than the same costs for new hires.

Note: Amounts rounded to the nearest thousand.

ADMINISTRATIVE EXPENSES

Budget Authority by Strategic Goal

<u>Limitation on Administration</u>	<u>Fiscal year 2007</u>				<u>Fiscal year 2008</u>				<u>Fiscal year 2009</u>			
	<u>Actual</u>				<u>Estimate</u>				<u>Estimate</u>			
<u>Program by strategic goal</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts(\$)</u>	<u>%</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts(\$)</u>	<u>%</u>	<u>FTEs</u>	<u>%</u>	<u>Amounts(\$)</u>	<u>%</u>
Strategic goal:												
1. Customer Service	723	78	78,837,684	76	716	78	77,533,344	76	709	78	80,879,616	77
2. Stewardship	<u>204</u>	22	<u>24,759,974</u>	24	<u>202</u>	22	<u>24,349,122</u>	24	<u>201</u>	22	<u>24,583,384</u>	23
Total, direct program obligations			103,597,658				101,882,466				105,463,000	
Unobligated balance			<u>96,220</u>				<u>---</u>				<u>---</u>	
Total budget authority	<u>927</u>		<u>103,693,878</u>		<u>918</u>		<u>101,882,466</u>		<u>910</u>		<u>105,463,000</u>	

The Railroad Retirement Board's Strategic Plan includes these strategic goals:

1. Provide excellent customer service.
2. Serve as responsible stewards for our customers' trust funds and agency resources.

STAFFING HISTORY

Actual Full-time Equivalent Employment

<u>Fiscal year</u>	<u>Total FTEs a/</u>	<u>Change from previous year</u>	<u>Percent change from previous year</u>	<u>Cumulative FTE reductions</u>	<u>Cumulative percent change since fiscal year 1993</u>
1993	1,698 <u>b/</u>	---	---	---	---
1994	1,615 <u>b/</u>	-83	-4.9%	83	-4.9%
1995	1,483 <u>b/</u>	-132	-8.2%	215	-12.7%
1996	1,401 <u>b/</u>	-82	-5.5%	297	-17.5%
1997	1,297	-104	-7.4%	401	-23.6%
1998	1,227	-70	-5.4%	471	-27.7%
1999	1,196	-31	-2.5%	502	-29.6%
2000	1,136	-60	-5.0%	562	-33.1%
2001	1,101	-35	-3.1%	597	-35.2%
2002	1,099	-2	-0.2%	599	-35.3%
2003	1,079	-20	-1.8%	619	-36.4%
2004	1,048	-31	-2.9%	650	-38.3%
2005	957	-91	-8.7%	741	-43.6%
2006	940	-17	-1.8%	758	-44.6%
2007	927	-13	-1.4%	771	-45.4%
2008	918 <u>c/</u>	-9	-1.0%	780	-45.9%
2009	910 <u>c/</u>	-8	-0.9%	788	-46.4%

a/ Excludes staffing for the Office of Inspector General.

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

c/ Reflects estimated FTEs to be used.

Funding for Major Contracts

All contracts \$10,000 and over that are planned for fiscal year 2009 are shown below.

<u>Title and description</u>	<u>Estimated FY 2009 funding (\$)</u>
<u>Information technology investments</u>	
▪ <u>Information security</u> . Contractor resources would be used to conduct system certification and accreditation.	375,000
▪ <u>IT Task orders</u> . Contractor resources would be used on a task order basis for assistance with application development for a variety of systems that need updating or enhancements.	395,000
▪ <u>System Modernization</u> . Contractor assistance will be used to identify possible solutions for modernization of existing RRB applications and to evaluate the possibility of moving from a mainframe-based computer platform to a shared mainframe/network-based environment.	300,000
▪ <u>Network operations</u> . Contractor assistance will be used for staff augmentation and support in introducing new technologies.	750,000
▪ <u>E-Government projects</u> . Contractor assistance will be required to develop a number of Internet-based projects that will improve customer service.	200,000
▪ <u>Operations support services</u> . Contractor assistance would be used to maintain mainframe software.	82,250
▪ <u>Enterprise architecture</u> . Funding will be used to continue enterprise architecture consulting, training, and research services.	52,750
<u>Support of benefit program activities</u>	
▪ <u>Medical fees</u> . Funding is required for medical services and hospital transcripts used to make disability determinations.	2,004,000
▪ <u>Consultative medical services</u> . Funding will be used for medical evidence reviews concerning benefit and claim matters and preparation of advisory medical opinions.	600,000

Funding for Major Contracts

<u>Title and description</u>	<u>Estimated FY 2009 funding (\$)</u>
▪ <u>Contact representative training.</u> Contract funding will be used for training contact representatives.	24,000
▪ <u>Customer satisfaction index.</u> Contractor assistance will be used for administering the American Customer Satisfaction Index survey.	40,000
 <u>Financial management</u>	
▪ <u>Payments to Treasury.</u> Funding is required for fees by the Department of the Treasury for issuing checks and making electronic funds transfers on the RRB's behalf, as well as postage costs incurred for RRB mailings released by the Treasury.	575,000 <u>a/</u>
 <u>Administrative support</u>	
▪ <u>File management services.</u> Fees will be paid to the National Archives and Records Administration for services by the Federal Records Center to maintain the RRB claim files.	350,000 <u>a/</u>
▪ <u>Photocopiers.</u> Funding is required to continue contractual services for photocopiers in the RRB's headquarters building, including high speed copiers that are used to prepare program related booklets, pamphlets, and other informational material.	435,000
▪ <u>E-Payroll.</u> Funding is required for contracted e-Payroll and electronic Human Resources services provided by GSA.	280,000 <u>a/</u>
▪ <u>Field office support services.</u> Funding is required for field office alterations, miscellaneous and administrative support services, and health unit maintenance agreements.	90,000 <u>a/</u>
▪ <u>Computer recovery service.</u> Fees are paid for backup data processing operations in the event of an emergency or disaster.	235,000

Funding for Major Contracts

<u>Title and description</u>	<u>Estimated FY 2009 funding (\$)</u>
▪ <u>Personnel identification system</u> . Funding is required to obtain updated personnel identification cards that will meet the Homeland Security Presidential Directive for secure identification for agency employees and contractors.	61,200 <u>a/</u>
▪ <u>Employee assistance program</u> . The RRB provides professional assistance for employees with personal problems that adversely affect work performance.	35,300
▪ <u>Videoconferencing</u> . Funding is required for videoconferencing services needed for hearing appeals.	20,000
▪ <u>Change-of-station</u> . The RRB contracts with the Bureau of Public Debt for relocation services.	10,600 <u>a/</u>
 <u>Facility management service</u>	
▪ <u>Building maintenance and repairs</u> . Funding is required for facility maintenance, elevator maintenance, and repairs to the RRB headquarters building.	805,300
▪ <u>Federal Protective Service costs</u> . Funding for protective services formerly included in rental payments to GSA are now billed by the Department of Homeland Security, Federal Protective Service.	550,000 <u>a/</u>
▪ <u>Janitorial services</u> . Funding is required for janitorial services for the RRB headquarters building.	597,000
▪ <u>Building security</u> . Funding is required for guard service for the RRB headquarters building.	<u>480,000</u>
Agency total	<u>9,347,400</u>

a/ Contractual services provided by Federal Government agencies comprise \$1,916,800 of the agency program total of \$9,347,400.

BUDGET AUTHORITY BY FUND

Railroad Retirement Program

	Fiscal year 2007 actual amounts	Fiscal year 2008 estimated amounts	Fiscal year 2009 estimated amounts	Increase or decrease amounts
<u>Direct Program:</u>				
Railroad Retirement Account	<u>\$ 58,675,222</u>	<u>\$ 57,427,382</u>	<u>\$ 60,199,910</u>	<u>\$2,772,528</u>
Social Security Equivalent Benefit Account	<u>30,224,000</u>	<u>30,000,000</u>	<u>30,300,000</u>	<u>300,000</u>
Total, direct railroad retirement program obligations	\$88,899,222	\$87,427,382	\$90,499,910	\$3,072,528
<u>Railroad Unemployment and Sickness Insurance Program</u>				
<u>Direct Program:</u>				
Railroad Unemployment Insurance Administration Fund	<u>\$14,698,436</u>	<u>\$14,455,084</u>	<u>\$14,963,090</u>	<u>\$508,006</u>
Total, direct railroad retirement, unemployment and sickness insurance obligations	\$103,597,658	\$101,882,466	\$105,463,000	\$3,580,534
Unobligated balance	<u>96,220</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total, direct railroad retirement, unemployment and sickness insurance budget authority	<u>\$103,693,878</u> <u>a/</u>	<u>\$101,882,466</u> <u>b/</u>	<u>\$105,463,000</u>	<u>\$3,580,534</u>

a/ Reflects the appropriation of \$103,693,878 to the Limitation on Administration received under P.L. 110-5, the full-year continuing resolution for fiscal year 2007.

b/ Reflects the appropriation of \$103,694,000 to the Limitation on Administration received under P.L. 110-161, less a rescission of \$1,811,534.

LIMITATION ON ADMINISTRATION

Financing

<u>Financing</u>	<u>Fiscal year 2007 actual</u>	<u>Fiscal year 2008 estimate</u>	<u>Fiscal year 2009 estimate</u>
Total, direct program obligations	\$103,597,658	\$ 101,882,466	\$105,463,000
Unobligated balance	<u>96,220</u>	<u>---</u>	<u>---</u>
Limitation	<u>\$103,693,878</u>	<u>\$ 101,882,466</u>	<u>\$105,463,000</u>

Relation of direct program obligations to outlays

Obligations incurred, net	\$103,597,658	\$101,882,466	\$105,463,000
Obligated balance, start of year	0	10,740,740	10,740,740
Obligated balance, end of year	<u>(10,740,740)</u>	<u>(10,740,740)</u>	<u>(10,740,740)</u>
Outlays from limitation	<u>\$92,856,918</u>	<u>\$ 101,882,466</u>	<u>\$105,463,000</u>

Note: Funds to administer the Railroad Retirement Act and the Railroad Unemployment Insurance Act are combined into a single administrative account. Funds to administer the Railroad Retirement Act are transferred from the Railroad Retirement Account and the Social Security Equivalent Benefit Account to the Limitation on Administration. Funds required to administer the Railroad Unemployment Insurance Act are transferred from the Railroad Unemployment Insurance Administration Fund to the Limitation on Administration.

The financial operations of the Limitation on Administration can also be expressed in a sources and uses of funds table as shown below.

Sources and Uses of Funds

	Fiscal year 2007 actual	Fiscal year 2008 estimate	Fiscal year 2009 estimate
	<hr/>	<hr/>	<hr/>
<u>Direct program sources</u>			
Available from benefit trust funds by Congressional appropriation	<u>\$103,693,878</u>	<u>\$101,882,466</u>	<u>\$105,463,000</u>
<u>Direct program uses</u>			
Administrative expenses	\$103,597,658	\$101,882,466	\$105,463,000
Unobligated balance	<u>96,220</u>	<u>---</u>	<u>---</u>
Total uses:	<u>\$103,693,878</u>	<u>\$101,882,466</u>	<u>\$105,463,000</u>

LIMITATION ON ADMINISTRATION

Amounts Available for Obligation

	Fiscal year 2007 actual	Fiscal year 2008 estimate	Fiscal year 2009 estimate
Appropriation	\$103,693,878	\$103,694,000	\$105,463,000
Less:			
Amount rescinded in accordance with Public Law 110-161	0	1,811,534	0
Unobligated balance	<u>96,220</u>	<u>0</u>	<u>0</u>
Total direct obligations <u>a/</u>	<u>\$103,597,658</u>	<u>\$101,882,466</u>	<u>\$105,463,000</u>

a/ The RRB also received reimbursements totaling \$8.3 million in fiscal year 2007, and expects to receive \$8.4 million and \$8.2 million in fiscal years 2008 and 2009, respectively, for reimbursable activities.

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget estimate to the Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation/ continuing resolution</u>	
2000	\$ 86,500,000	\$ 90,000,000	\$ 91,000,000	\$ 90,655,000	<u>a/</u>
2001	\$ 92,500,000	\$ 95,000,000	\$ 92,500,000	\$ 95,000,000	<u>b/</u>
2002	\$ 97,700,000	\$ 97,700,000	\$ 97,700,000	\$ 97,627,500	<u>c/</u>
2003	\$ 97,720,000	\$100,000,000	\$ 97,720,000	\$ 99,350,000	<u>d/</u>
2004	\$ 99,820,000	\$101,300,000	\$ 99,350,000	\$100,702,330	<u>e/</u>
2005	\$102,600,000	\$102,202,000	\$102,600,000	\$102,543,040	<u>f/</u>
2006	\$102,543,040	\$102,543,000	\$102,543,000	\$101,517,570	<u>g/</u>
2007	\$103,517,570	\$103,518,000	\$103,518,000	\$103,693,878	<u>h/</u>
2008	\$103,517,570	\$103,694,000	\$103,694,000	\$101,882,466	<u>i/</u>
2009	\$105,463,000				

a/ Amount reflects funding made available under P.L. 106-113, after a rescission of \$345,000.

b/ Amount reflects funding made available under P.L. 106-554.

c/ Amount reflects funding made available under P.L. 107-116, less a rescission of \$72,500 required by P.L. 107-206.

d/ Amount reflects funding made available by P.L. 108-7, after a rescission of \$650,000.

e/ This amount reflects the Consolidated Appropriations Act, 2004 (P.L. 108-199), which provided \$100,702,330 (an appropriation of \$101,300,000, less a rescission of \$597,670).

f/ This amount reflects the Consolidated Appropriations Act, 2005 (P.L. 108-447), which provided \$102,543,040 (an appropriation of \$103,370,000, less a rescission of \$826,960).

g/ Amount reflects the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149), which provided \$102,543,000, less a rescission of 1 percent (\$1,025,430) in accordance with P.L. 109-148.

h/ Reflects the appropriation of \$103,018,000 made available by P.L. 110-5, the full-year continuing resolution for fiscal year 2007, plus \$675,878 reimbursement for half the January 2007 pay raise provided by Section 111 of P.L. 110-5.

i/ Reflects the appropriation received under the Consolidated Appropriations Act, 2008 (P.L. 110-161), less a rescission of \$1,811,534.

Retirement/Survivor Benefit Program
Summary Processing Workload Table

<u>Fiscal years</u>	<u>Average number of annuitants</u>	<u>New applications</u>	<u>Supplemental annuity applications</u>	<u>Social Security initial awards</u>	<u>Reactivated applications</u>	<u>Number of payments</u>	<u>Medicare enrollments</u> ¹
1997	751,558	41,126	6,942	5,980	50,458	9,447,929	5,309
1998	727,603	38,970	7,077	5,995	47,544	9,166,205	6,242
1999	704,159	38,413	6,719	6,108	47,265	8,886,055	5,890
2000	681,779	37,549	7,266	7,838	45,924	8,626,488	5,942
2001	660,112	38,306	6,690	7,156	40,870	8,872,847	5,538
2002	641,063	42,225	12,258	5,845	41,721	8,200,488	5,124
2003	626,319	37,495	8,997	6,191	43,034	7,960,902	4,684

<u>Fiscal years</u> ²	<u>Average number of annuitants</u>	<u>New applications</u>	<u>Supplemental annuity applications</u> ³	<u>Social Security initial awards</u>	<u>Post-payment adjustments</u> ⁴	<u>Number of payments</u>	<u>Medicare enrollments</u> ¹
2004	610,020	36,707	7,871	6,126	90,302	7,766,557	5,426
2005	595,484	37,510	7,129	6,329	98,312	7,592,204	5,030
2006	582,995	35,617	7,794	6,065	94,108	7,426,518	4,838
2007 ⁵	571,271	37,134	9,345	5,965	113,489	7,349,904	5,188
2008 (est)	564,600	38,000	9,000	6,000	91,000	7,200,000	5,000
2009 (est)	558,000	39,000	9,000	6,000	90,000	7,100,000	6,000

^{1/} Excludes attainments.

^{2/} Beginning in fiscal year 2004, we revised our production reporting system to enhance the methodology used and improve the accuracy of the resulting workload counts.

^{3/} Beginning in fiscal year 2004, supplemental annuity post-activity is included in post-payment adjustments.

^{4/} Beginning in fiscal year 2004, includes award adjustments and payment-related corrections to supplemental annuities and social security benefits in addition to retirement and survivor award adjustments. Also, includes overpayment/underpayment calculations and other record maintenance activities that could affect the status of previous or future payments.

^{5/} Post-payment adjustments reflect 21,358 receipts due to the processing of special adjustments. It is anticipated that it will take several years with additional resources to complete these referrals. The number of payments is approximately 56,400 higher due to these adjustments. The adjustments represent annuity increases resulting from changes in retirement service and earnings credits reported by railroad employers over a period of several years. An automation initiative completed in FY 2006 made it possible to apply the service and earnings changes to monthly retirement annuity payments. Referrals were produced when the annuity adjustment could not be automated.

Railroad Unemployment/Sickness Insurance Program
Summary Processing Workload Table

<u>Fiscal years</u>	<u>Railroad employment ^{1/}</u>	<u>Unemployment insurance</u>			<u>Sickness insurance</u>		
		<u>Applications</u>	<u>Claims</u>	<u>Payments</u>	<u>Applications</u>	<u>Claims</u>	<u>Payments</u>
1997	253,000	17,121	120,136	99,042	27,670	180,962	155,358
1998	256,000	13,253	82,103	67,759	26,317	170,336	146,659
1999	256,000	16,261	99,874	81,990	26,267	170,306	145,853
2000	246,000	17,720	103,934	85,756	28,039	177,709	153,143
2001	238,000	22,229	120,994	96,603	28,850	191,715	165,706
2002	229,000	20,462	129,564	106,289	28,193	193,246	167,643
2003	225,000	17,843	113,172	93,422	27,333	183,594	159,088
2004	227,000	13,419	89,367	74,790	25,737	173,515	150,033
2005	232,000	11,701	71,654	60,057	24,795	161,062	138,610
2006	236,000	11,186	64,697	53,781	25,866	155,525	133,519
2007	236,000 (est)	13,002	71,156	58,385	22,996	148,607	127,372
2008 (est)	233,000	14,000	79,000	65,000	24,000	153,000	131,000
2009 (est)	229,000	15,000	85,000	70,000	24,000	152,000	130,000

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

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PERFORMANCE BUDGET



Fiscal Year 2009

Railroad Retirement Board

TABLE OF CONTENTS

Introduction..... 29

Mission Statement.....30

Strategic Goal I: Provide Excellent Customer Service.....31

 Performance Goal I-A: Pay benefits accurately and timely31

 Performance Goal I-B: Provide relevant, timely and accurate information which is
 easy to understand.....32

 Performance Goal I-C: Provide a range of choices in service delivery methods32

 Performance Goal I-D: Ensure efficient and effective business interactions with
 covered railroad employers.....33

Strategic Goal II: Serve as Responsible Stewards for Our Customers’ Trust Funds
and Agency Resources.....33

 Performance Goal II-A: Ensure that trust fund assets are projected, collected,
 recorded, and reported appropriately33

 Performance Goal II-B: Ensure the integrity of benefit programs34

 Performance Goal II-C: Ensure effectiveness, efficiency, and security of operations34

 Performance Goal II-D: Effectively carry out the responsibilities of the Railroad
 Retirement Board under the Railroad Retirement and Survivors’ Improvement
 Act of 2001 with respect to the activities of the National Railroad Retirement
 Investment Trust39

Information Security Program40

Exhibit: Final Performance Budget - FY 200942

Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2009 to support our mission (see Figure 1 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 renewed 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 2006 - 2011** and can be easily cross-referenced to that plan. The President's budget identified a set of government-wide reforms that agencies are expected to carry out over the next several years. These reforms are reflected in this performance budget in order to communicate our intentions for meeting these challenges. We will hold managers accountable for achieving these reforms, thereby making our agency more citizen-centered, and results-oriented.

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 2009. 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 inform the annual submission of the agency budget to 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 2009 for each performance goal, at the President's proposed budget level of \$105,463,000, is provided in the Exhibit.

In support of the President's Management Agenda initiative to improve financial performance, by November 15, 2009, we will prepare and submit to the President and the Congress a report on program performance for fiscal year 2009, as part of our combined Performance and Accountability Report. The report will be audited 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 that fiscal year. This performance budget meets the requirements of the Government Performance and Results Act and was prepared by RRB employees.

Figure 1

***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.

Strategic Goal I: *Provide Excellent Customer Service.* We aim to satisfy our customers' expectations for quality service both in terms of service delivery options and levels and manner of performance. At the President's proposed budget level, we plan to allocate \$80,879,616 and 709 full-time equivalent employees to this goal. We have established four performance goals that focus on the specifics of achieving this strategic goal.

Performance Goal I-A: *Pay benefits accurately and timely.* The RRB is committed to ensuring that we pay the right benefits to the right people in a timely manner. We have a number of measures in place to track the accuracy and timeliness of the actions we take in a year regarding both Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) programs.

The principal indicators of **accuracy** are the benefit payment and case 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. (Payment accuracy is defined as the percentage of dollars paid correctly as a result of the adjudication action performed.) We have also established case accuracy goals (the percentage of cases paid without material error) so that at least 94 percent of cases handled under the RRA and at least 98 percent of those handled under the RUIA are accurate. To accomplish these goals, we will:

- *Monitor payment and case accuracy and the levels of improper payments, and identify problems.*
- *Provide feedback and take additional preventive actions as appropriate.*
- *Ensure accurate, up-to-date, accessible instructions to support our front-line employees as they provide customer support.*
- *Inform our customers about their responsibilities.*
- *Ensure that the Customer Service Plan is comprehensive and is revised when appropriate.*
- *Promote direct deposit for benefit payments.*
- *Monitor key payment workloads.*
- *Allocate resources effectively.*

Our performance in the area of benefit **timeliness** is also a key indicator of our customer service. We track our performance against customer service standards and have found that in fiscal year 2007, customers received benefit services within the various timeframes promised for 98.6 percent of the services provided. The inset at the right shows composite results in four combined categories of services.

Overall Timeliness Performance Fiscal Year 2007
• Retirement applications: 93.5% (target: 92.6%)
• Survivor applications: 95.5% (target: 91.7%)
• Disability applications/payments: 82.9% (target: 78.1%)
• RUIA applications/claims: 99.7% (target 99.0%)

Beginning in fiscal year 2008, we implemented a revised Customer Service Plan which provides our customers with information about when to expect the service requested for nine separate claims processing services. Performance goals for the services have been reworded as shown in the Exhibit to this performance budget.

Performance Goal I-B: Provide relevant, timely, and accurate information which is easy to understand. In addition to making payments, we provide a variety of information to our customers. We provide general information through our website, publications, and our toll-free automated Help Line. We also provide information to individuals through annual statements of wages and compensation, annuity estimates, notices of annuity and benefit awards and changes, annual income tax statements, and answers to questions regarding benefits. Starting in fiscal year 2008, we are also using an on-line presentation facility called *RRBVision* to provide information and training to the public and rail employers. It is important that we provide this information in a timely manner and in ways that are accessible and responsive to the individual's needs. The information must also be meaningful to the customer and easy to understand. Customer feedback through American Customer Satisfaction Index (ACSI) surveys and directly from customers helps us determine whether the information we are providing satisfies our customers' needs and expectations. We conducted an ACSI survey in fiscal year 2006, and plan to conduct a survey again in fiscal year 2009. To accomplish this objective, we will:

- *Listen to our customers to determine their expectations and whether those expectations are being met.*
- *Adjust our Customer Service Plan or our processes, based on customer feedback.*
- *Monitor key informational workloads.*
- *Focus on interactive electronic solutions that provide immediate responses and intermediate status updates.*
- *Expand the number of RRBVision presentations available on the agency website.*

Performance Goal I-C: Provide a range of choices in service delivery methods. To fulfill customers' needs, we must provide high quality, accurate services on a timely basis, and in ways that are accessible and convenient to all our customers, including the elderly and those with impairments. Consistent with our vision statement, we strive to provide a broad range of choices for customer service.

Our level of performance will be measured by how well we succeed in providing the level of service our customers expect, and by the number of new electronic services we can provide in each program at a reasonable cost. Our goal is to expand customer choice by offering alternative access to our major services. To achieve this objective, we plan to:

- *Increase opportunities for our customers to conduct business in a secure manner over the Internet.*
- *Provide additional services through the HelpLine.*

- *Provide nationwide toll-free telephone service for our customers.*
- *Seek customers' service delivery preferences.*

Performance Goal I-D: Ensure efficient and effective business interactions with covered railroad employers. To correctly pay benefits, the RRB must receive timely and accurate reports of the compensation and service months of covered employees. It is the responsibility of the employer to provide these reports with respect to its employees. To ensure the receipt of accurate and timely annual reports, as well as the proper filing of other reports and forms, the RRB must strive for a system of reporting which is easily understood, places minimal burden on employers and ensures compliance with the applicable laws. To accomplish this, the RRB intends to:

- *Continue to develop electronic services that enable the employer to conduct daily business transactions and file required reports in an efficient, effective manner.*
- *Continue to look for ways to encourage employers to file accurate and timely annual service and compensation reports.*

As mentioned under Goal I-B above, we are initiating the use of an on-line presentation facility (*RRBvision*) during fiscal year 2008, to provide easy access to training and information for rail employers.

Strategic Goal II: 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 President's proposed budget level, we plan to allocate \$24,583,384 and 201 full-time equivalent employees to this goal. We have established four objectives that focus on this goal.

Performance Goal II-A: Ensure that trust fund assets are projected, 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, our financial projections, debt collection, experience-based contribution rates, and payroll tax and railroad employee compensation reconciliations. (We also have responsibilities with regard to the National Railroad Retirement Investment Trust, which are addressed under performance goal II-D.) To accomplish this commitment, we will:

- *Continue to issue annual audited financial statements.*
- *Continue to perform the RRB's actuarial valuations and financial projections.*
- *Continue to estimate funding requirements for the Dual Benefits Payments Account.*
- *Continue to carry out the RRB's debt management policy.*
- *Continue to accurately and in a timely manner determine the experience-based contribution rates required under the unemployment and sickness insurance program.*
- *Verify that payroll taxes are fully collected and properly recorded.*

In support of the President's initiative to improve financial performance, on November 15, 2007, we released our Performance and Accountability Report for fiscal year 2007. The RRB's OIG issued an unqualified ("clean") opinion on the RRB's 2007 financial statements, which were included in that report. With regard to internal controls, the OIG noted that RRB management has completed action to strengthen controls over performance measurement, the actuarial projection process, and compliance with the Prompt Payment Act. However, the OIG will continue to list financial reporting as an area of significant deficiency until recently implemented controls have been in place and operating long enough to be evaluated.

The OIG reported that agency efforts to correct weaknesses in information security are not yet complete, and the previously reported material weakness continues to exist. Significant efforts are underway to strengthen controls in this area. The OIG also noted that the RRB does not have a consistent theory under which it computes the railroad retirement program's fund balance for social insurance reporting. The agency's Chief Actuary has decided to use an audited net asset figure, to be provided by the National Railroad Retirement Investment Trust each year, to ensure future consistency.

Performance Goal II-B: Ensure the integrity of benefit programs. 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 and Medicaid Services' death records, the Office of Personnel Management's benefit records, and State wage reports, usually via computer tapes. 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 collected or saved through these initiatives to their cost. For example, in fiscal year 2007, the RRB invested the equivalent of about 24 full-time employees, at a cost of approximately \$1.98 million, in program integrity efforts. This resulted in \$9.9 million in recoveries, \$942,000 in benefits saved, and the referral of 90 cases to the OIG for investigation. This is approximately \$5.48 in savings for each \$1.00 invested in these activities. To accomplish this objective, we will:

- *Maintain established matching programs.*
- *Continue our program integrity reviews.*

Performance Goal II-C: 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 have ongoing programs which help us assess our performance in these areas. We also recently completed an evaluation of the railroad retirement and railroad

unemployment and sickness insurance programs using the Program Assessment and Rating Tool (PART), and will continue to use this tool to monitor, update and improve program performance. 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. To achieve our goals for efficient, effective and secure operations, we will:

- *Continue to develop an effective human capital planning program.*
- *Monitor and improve program performance and accountability.*
- *Streamline and modernize the management of the field service, including closing three regional offices during fiscal year 2008.*
- *Expand our participation in E-Government initiatives.*
- *Ensure the privacy and security of our customers' transactions with the RRB.*
- *Improve our ability to control and monitor information technology investments.*
- *Continue to seek ways to increase competitive sourcing opportunities.*
- *Make greater use of performance-based contracts.*
- *Comply with new security requirements for employee identification.*

In addition to our ongoing activities, during the planning period we will be placing special emphasis on key areas related to the President's Management Agenda, specifically, strategic management of human capital, improving program performance and accountability, expanding electronic government, and competitive sourcing.

Strategic Management of Human Capital – Strategic management of human capital is a primary initiative of the President's Management Agenda. Accordingly, the RRB has focused on several aspects of the human capital standards. Furthermore, we are using the Human Capital Assessment and Accountability Framework as a guide to help us meet the standards. Following are some of the initiatives we have undertaken as we strive to make the transformation.

Like many agencies, the RRB has an aging workforce, with more and more employees approaching and reaching retirement age. By 2009, it is estimated that about one in three agency employees will be retirement-eligible. To help address an increased rate of attrition linked to retirement, the RRB has looked at a variety of critical positions to identify any gaps in particular competencies or skills that exist within the workforce. In some cases, the agency has provided supplemental developmental and training opportunities to current employees so that the activities associated with these positions will continue as more experienced employees leave. Also, for the first time in several years, the RRB managed to bring on many entry-level hires in fiscal year 2007, including two claims examiner training classes. Given an

expected increase in the agency attrition rate, these new employees will be key to the long-term success of the agency in continuing to provide outstanding service to our customers. The RRB is also in the process of developing more formalized human capital management and succession planning documents. This is partially in response to recommendations and suggestions made by the Office of Personnel Management. The Board Members have also created an internal succession planning task force, chaired by the Director of Human Resources, to provide coordination and consolidation of existing plans, as well as identify new initiatives to address this important area.

As mentioned previously, the agency has devoted more attention and resources to training. This has included a reactivation of an agency-wide Training Council to coordinate this important activity, and various training programs geared to development of managers and supervisors. Such topics have included classes on labor relations and performance appraisal, as well as more general supervisory development programs. The RRB has also made use of technology in this area by adding a feature on the agency's intranet called *RRBvision* that allows employees to view training, including a video component, in an on-line format. This is particularly important for employees and managers in the RRB's field offices.

Improving Performance and Accountability – In connection with the PART reviews, the agency has established improvement plans to modernize the IT systems infrastructure, to modernize customer service delivery and to expand the document imaging system. In addition, the agency has defined several long-range outcome and output goals with targets for fiscal year 2012, and has strengthened annual targets of program goals for fiscal years 2008 and 2009 to make them even more aggressive.

In response to *Executive Order 13450: Improving Government Program Performance*, the RRB will take steps to ensure:

- programmatic goals continue to be aggressive, realistic and accurately measured,
- program improvement plans result in meaningful outcome improvements,
- managers are accountable for achievement of goals and improvement plans, and
- program performance plans and outcomes are transparent.

Field Service Structure – The RRB will be closing all three of its regional offices during fiscal year 2008. These offices are currently located in Atlanta, Philadelphia and Denver. Staffing for these offices has been reduced through attrition over the past few years from a total of 12 permanent employees to 5 permanent employees (projected as of early February 2008). We plan to reassign those 5 employees to other positions within the field service during the fiscal year. We will also revise our procedures and administrative processes to reflect this change and to ensure that all critical functions are transferred to other staff as necessary. We are also planning to revise our publications to eliminate references to the regional offices. In the meantime, we have started work with the General Services

Administration on realigning our physical space due to the closure of these regional offices. All necessary actions are targeted to be completed by September 30, 2008.

Expanding Electronic Government – In 2008, we are implementing an initiative to allow our Medicare contractor to file notices of death and changes of address via our website. We also plan to expand Internet services to include filing bi-weekly claims for sickness insurance benefits. With the implementation of Nationwide Toll Free Service, we will also introduce a new interactive voice response system, which will provide the foundation for additional automated service options in the future.

In addition, we continue to work on the Employer Reporting System (ERS), to incorporate mandatory changes to accommodate reports with larger money amounts. We are also using contractor assistance to convert existing software to a language that can be supported by in-house staff; completing work on processes that handle pre-payment and post-payment verification of unemployment and

sickness insurance claims; and adding the functionality to allow employers to create and file annual reports of service and compensation via the Internet-based ERS. These are scheduled to be completed in fiscal year 2009. The streamlined annual reporting process will encompass 13 existing forms involving 7 new Internet services.

In fiscal year 2009, ERS will also be expanded to include functionality to notify rail employers of annuities awarded to their employees (RL-5a) and to provide Notice of Tier I Tax Liability on Sickness Payments (ID-6 and ID-6y).

Database Management System Conversion – In September 2005, Tiburon Technologies, a software consulting firm based in Cleveland, Ohio, was awarded a \$2.7 million contract to assist RRB personnel in converting the agency’s existing IDMS databases to DB2. Tiburon has specialized in converting mainframe legacy systems to various platforms since 1983. Tiburon estimated that it would take 18 to 24 months to convert all the agency’s IDMS databases to DB2 with a target completion date of no later than September 30, 2007.

Fiscal Year 2009 E-Government Initiatives

We will expand the Internet-based Employer Reporting System to:

- Enable rail employers to create and file annual reports.
- Notify rail employers of annuities awarded to their employees.
- Notify rail employers of Tier I tax liability on sickness payments.

In February 2007, the IDMS/DB2 conversion team successfully completed the pilot phase of the DB2 conversion, which included conversion of the Railroad Unemployment Insurance Act (RUIA) database and related systems to the new database technology. The successful implementation of this system validated the migration process and the conversion methodology. Once the pilot system was placed into production, the conversion team continued working on the larger Railroad Retirement Act (RRA) databases and related systems. The final conversion of the RRA databases was completed in August 2007. The conversion team migrated multiple databases from IDMS to DB2, cleansed over 6 million IDMS data fields prior to loading them to the new DB2 database, and developed software delivery procedures.

Fiscal Year 2009 Information Technology Capital Plan Investments	
Network operations	\$950,000
IT task orders.....	395,000
Information security	375,000
System modernization	300,000
E-Government	200,000
IT tools	100,000
Infrastructure replacement.....	<u>50,000</u>
Total investments	\$2,370,000
See the IT Initiatives tab for more information.	

By the end of April 2007, all software developers, web developers, database administrators, system engineers, user-analysts and IT managers who work with the DB2 database had completed training for the new system. Additional classes are also scheduled, which will be completed by April 2008.

Data Optimization – In fiscal year 2007, the RRB began a post-DB2 conversion project to optimize the performance of the RRB’s databases and further reduce data redundancy. Retrieval of data for any organization must be fast and accurate and can only be achieved through a properly tuned database. An optimized database also reduces the need for frequent database restructuring, which can be costly and time-consuming and can impede performance. The RRB contracted with Data Blueprint for expert advice on developing the statement of work and evaluating offers. Data Blueprint developed a conceptual data model and a function hierarchy, which were included in the request for proposals.

In September 2007, a contract was awarded to KPIT Cummins Infosystems Limited (KPIT) to create an optimized database from the databases converted to DB2. In addition to hardware and software needed for the project, the contract also includes reports designed by KPIT and training for RRB staff to use the Business Objects tools to further analyze the data and create additional reports. In October 2007, representatives from KPIT and Data Blueprint joined RRB staff for 2 days of project and infrastructure planning. KPIT has provided a number of their staff to perform various duties on-site at the RRB headquarters. Other staff members support the project from KPIT offices in Richmond, Virginia.

As of January 2008, two new servers have been installed at RRB headquarters. The servers have been configured and Business Objects software has been installed. RRB staff are working on installing additional software on the RRB mainframe with the assistance of KPIT and others. Various other tasks are in progress, including development of the comprehensive project plan, a risk management plan, and a data quality assurance plan. A KPIT data modeler has also been working with RRB staff to develop a logical data model for the optimized database. The project is on target to complete the development of the database synchronized to the existing databases by December 2008.

Competitive Sourcing – In 2007, the RRB listed 8 commercial activities on its Federal Activities Inventory Reform (FAIR) Act inventory encompassing 117 FTEs. The inventory submitted to OMB for review and approval was largely unchanged from the previous year, though it reflected reduced staffing levels. A substantial majority of the agency’s employees are engaged in work that is classified as inherently governmental, such as taking applications for benefits and processing claims and payments associated with such applications, and such jobs are not subject to competition with private-sector sources. Nevertheless, the RRB will continue to look for opportunities to use the streamlined procedures available under OMB Circular A-76, which governs such competitions, to conduct cost comparisons on our limited commercial activities.

Performance Goal II-D: Effectively carry out the responsibilities of the Railroad Retirement Board under the Railroad Retirement and Survivors’ Improvement Act of 2001 with respect to the activities of 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 reports submitted by the NRRIT, the annual management reports submitted by the NRRIT, and the annual audit reports of the NRRIT’s financial statements. In addition, the RRB’s Board Members meet twice annually with the Trustees.

The RRB has authority to bring civil action should it detect any violation of the Railroad Retirement Act or non-compliance with any of the provisions of that Act.

To facilitate coordination among the NRRIT and Federal government organizations, shortly after enactment of the Railroad Retirement and Survivors’ Improvement Act of 2001, the Department of the Treasury, OMB, NRRIT and RRB entered into a voluntary memorandum of understanding concerning budgetary, accounting and financial reporting responsibilities.

Information Security Program

The RRB relies heavily on information systems and on the public's trust in its work. Information security is therefore critical to RRB operations. In recent years, we have launched or expanded several initiatives to strengthen the agency's information security program. Establishing the agency's Security and Privacy Committee allows us to oversee agency-wide compliance with security and privacy laws, regulations and guidance. A sophisticated Intrusion Detection System on the RRB network provides comprehensive protection from a variety of cyber threats, and a Computer Emergency Response Team further enhances the incident response capability. All end users have had security awareness training and every employee with significant information security responsibilities was provided with additional role-based security education. The agency's disaster recovery capability is tested with periodic backup site recovery exercises.

The Chief Security Officer, who heads the Risk Management Group, is responsible for the RRB's information security program; additional staffing in the group includes two IT Assurance Analysts. Contractual support has provided additional resources to address effective risk management for specialized areas, as needed. A certification and accreditation assessment of the agency's LAN/PC General Support System was conducted in fiscal year 2007 with contractor support. We have contracted for an assessment of the mainframe general support system and will complete such assessments, with contractor assistance, for all major applications by the end of fiscal year 2009.

Risk management at the RRB has been classified as either **strategic or operational**.

- **Strategic Risk Management:** The Chief Security Officer, who acts in the larger capacity of director of enterprise risk management, is responsible for strategic elements that include:
 - Planning and integrating enterprise-wide IT risk management policy, procedures and guidance.
 - Assisting business units in implementing certification and accreditation of the RRB's major applications and general support systems.
 - Coordinating agency-wide security policy as well as assessing and underwriting agency-wide security infrastructure and resource investments, and implementing effective enforcement solutions.

- **Operational Risk Management:** Various IT and business unit managers are responsible for day-to-day monitoring and management of the risk posture of the agency including: the administration of access rights (e.g., passwords); ultimate accountability for the integrity of information assets usually associated with application design and information ownership; and, security operations processes (research, monitoring, scanning, incident response management, reporting, and forensics).

RRB Administrative Circular IRM-8, The Information Security Program of the Railroad Retirement Board, and the RRB Information Systems Security Policy, Standards and Guidelines Handbook identify the responsibilities for security throughout the organization.

During fiscal year 2008, the Risk Management Group will:

- Monitor the RRB network utilizing the Intrusion Detection System and Network Access Control.
- Certify and accredit the mainframe general support system and initiate, with contractor assistance, efforts toward the certification and accreditation of the agency's five major applications by the end of fiscal year 2009.
- Acquire and implement an enterprise grade anti-spyware solution.
- Ensure agency-wide compliance with Federal Information Security Management Act (FISMA) requirements through the oversight and direction of the Security and Privacy Committee.
- Hire an IT Availability Analyst whose primary responsibility will be in the area of continuity planning, contingency assessment and preparedness training.
- Take corrective actions to resolve audit recommendations.
- Assist in developing procedures that improve proper use of access controls of LAN/WAN and mainframe systems.
- Incorporate procedures for certification and accreditation into the system development life cycle in accordance with newly developed guidance and standards from the National Institute of Standards and Technology.
- Provide for general awareness training for agency employees, and broaden the security education program to include all employees and contractors with responsibilities for information system security.
- Conduct and/or oversee ongoing system security reviews and tests, and develop associated reports.

Railroad Retirement Board FY 2009 Final Performance Budget		2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
STRATEGIC GOAL I: Provide Excellent Customer Service							
Performance Goal I-A: Pay benefits accurately and timely.							
I-A-1. Achieve a railroad retirement benefit payment recurring accuracy rate ^{2/} of at least 99%. (Measure: % accuracy rate)	Initial payments:	99.36%	99.62%	99.91%	99.88% through 3/31/07	99.50%	99.75%
	Sample post recurring payments:	99.92%	99.89%	99.94%	100% through 3/31/07	99.50%	99.80%
I-A-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{2/} of at least 99%. (Measure: % accuracy rate)	Unemployment:	99.91%	98.73%	99.08%	99.64%	99.00%	99.25%
	Sickness:	99.84%	99.94%	99.78%	100%	99.70%	99.80%
I-A-3. Achieve a railroad retirement case accuracy rate ^{2/} of at least 94%. (Measure: % of case accuracy)	Initial cases:	94.7%	95.5%	94.5%	94.5% through 3/31/07	94.0%	94.0%
	Post cases:	97.8%	95.8%	96.3%	98.6% through 3/31/07	96.0%	96.0%
I-A-4. Achieve a railroad unemployment/sickness insurance case accuracy rate ^{2/} of at least 98%. (Measure: % of case accuracy)	Unemployment:	99.75%	98.01%	97.5%	98.01%	97.5%	97.5%
	Sickness:	99.25%	99.51%	99.03%	100%	99.0%	99.0%

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
I-A-5. Railroad retirement employee or spouse receives initial annuity payment, or a decision, within 35 days of annuity beginning date, if advanced filed. (Measure: % \leq 30 adjudicative processing days ^{3/4/})	N/A	93.1%	92.9%	92.8%		
<i>Revised goal for 2008 and later</i>						
I-A-5. The 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: % \leq 30 adjudicative processing days ^{3/})					92.0%	92.75%
I-A-6. Railroad retirement employee or spouse receives initial annuity payment, or notice of denial, within 65 days of the date the application was filed, if not advanced filed. (Measure: % \leq 60 adjudicative processing days ^{3/4/})	N/A	97.3%	96.2%	96.8%		
<i>Revised goal for 2008 and later</i>						
I-A-6. The 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: % \leq 60 adjudicative processing days ^{3/})					96.0%	96.8%
I-A-7. Survivor annuitant not already receiving a benefit receives initial payment, a decision, or notice of transfer to SSA within 65 days of the annuity beginning date, or date filed (whichever is later). (Measure: % \leq 60 processing days ^{4/})	84.5%	92.8% ^{5/}	93.2%	93.3%		

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
<i>Revised goal for 2008 and later</i> I-A-7. 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. (Measure: % ≤ 60 days)					94.0%	94.0%
I-A-8. Survivor annuitant receiving benefits as a spouse receives payment as a survivor, notice of denial, or notice of application transfer to SSA, within 35 days of RRB's receipt of notice of the employee's death. (Measure: % ≤ 30 processing days ^{4/})	94.1%	94.6%	95.7%	94.8%		
<i>Revised goal for 2008 and later</i> I-A-8. RRB makes a decision to pay, deny or transfer to SSA an initial annuity application for a railroad retirement survivor already receiving the benefits as a spouse within 30 days of the date the application was filed. (Measure: % ≤ 30 days)					94.0%	95.1%
I-A-9. Applicant for any railroad retirement death benefit receives payment, or notice of denial within 65 days of the date filed. (Measure: % ≤ 60 processing days ^{4/})	95.4%	96.9%	97.5%	97.5%		

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
<i>Revised goal for 2008 and later</i>						
I-A-9. RRB makes a decision to pay or deny a railroad retirement death benefit application within 60 days of RRB's receipt of the first notice of death. (Measure: % ≤ 60 days)					97.0%	97.25%
I-A-10. Unemployed railroad worker receives UI claim form, or notice of denial, within 15 days of the date application filed. (Measure: % ≤ 10 processing days ^{4/})	99.25% of cases sampled	99.8%	99.5%	99.5%		
<i>Revised goal for 2008 and later</i>						
I-A-10. RRB releases a UI claim form or letter of denial within 10 days of receiving an application for unemployment benefits. (Measure: % ≤ 10 processing days)					99.5%	99.5%
I-A-11. Railroad employee unable to work due to temporary illness or injury, receives SI claim form, or notice of denial, within 15 days of the date application filed. (Measure: % ≤ 10 processing days ^{4/})	99.4%	99.6%	99.5%	99.2%		
<i>Revised goal for 2008 and later</i>						
I-A-11. RRB releases an SI claim form or letter of denial within 10 days of receiving an application for sickness insurance benefits. (Measure: % ≤ 10 processing days)					99.0%	99.25%

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
I-A-12. Railroad employee, unemployed or unable to work due to temporary illness or injury, receives a payment for unemployment or sickness insurance benefits, or a decision, within 15 days of claim receipt. (Measure: % ≤ 10 processing days ^{4/})	99.7 %	99.8%	99.8%	99.7%		
<i>Revised goal for 2008 and later</i>						
I-A-12. 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 processing days)					99.7%	99.8%
I-A-13. Disabled applicant or family member receives notice of decision to pay or deny within 105 days of the date application for disability is filed. (Measure: % ≤ 100 processing days ^{4/})	55.9%	67.9%	65.9%	69.6%		
<i>Revised goal for 2008 and later</i>						
I-A-13. The 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)					68.0%	70.0%
I-A-14. Disabled applicant receives payment within 25 days of decision or earliest payment date (whichever is later). (Measure: % ≤ 20 processing days ^{4/ 6/})	94.8%	94.4%	95.2%	95.3%	94.5%	95.0%
I-A-15. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	194	207	206	159	190	190

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
<i>Performance Goal I-B: Provide relevant, timely, and accurate information which is easy to understand.</i>						
I-B-1. Achieve quality and accuracy of correspondence, publications, and voice communications. (Measure: surveys and reviews; number of valid challenges to published data)	ACSI survey deferred	Completed the final report on a widow(er)s survey. RRB's score of 90 was the highest of Federal agencies.	Completed a survey of initial disability decisions. RRB's score was 85.	ACSI survey deferred	ACSI survey deferred	Conduct an ACSI survey
	No valid challenges to published data	No challenges to published data	No challenges to published data	No challenges to published data	No more than two valid challenges to published data in 2008	No more than two valid challenges to published data in 2009
<i>Performance Goal I-C: Provide a range of choices in service delivery methods.</i>						
I-C-1. Offer electronic options to our customers, allowing them alternative ways to perform primary services via the Internet or interactive voice response systems. (Measure: # of services available through electronic media)	12 services available	14 services available	16 services available	16 services available	18 services available	18 services available
<i>Performance Goal I-D: Ensure efficient and effective business interactions with covered railroad employers.</i>						
I-D-1. Improve timeliness and efficiency in posting service and compensation data to agency records. (Measure: % of service and compensation records posted by April 15)	New indicator for FY 2005	99.7%	99.6%	99.81%	99.0%	99.8%

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
I-D-2. Improve accuracy in posting service and compensation data to agency records. (Measure: % of service and compensation records posted accurately)	New indicator for FY 2005	99.0%	99.9%	99.5%	99.0%	99.5%
I-D-3. Covered employer annual reports of employees filed electronically, or on magnetic media. (Measure: % of employee records filed electronically, or on magnetic media)	97.0%	98.0%	97.8%	98.2%	95.0%	98.0%
I-D-4. Enable employers to use the Internet to conduct business with RRB, in support of the Government Paperwork Elimination Act. (Measure: % of employers who use the new on-line reporting process (Employer Reporting System - ERS); # of services available through electronic media)	52.0% 4 Internet services available	55.0% 4 Internet services available	58.0% 6 Internet services available	62.0% 7 Internet services available	65.0% 9 Internet services available	73.0% 18 Internet services available
<i>STRATEGIC GOAL II: Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources</i>						
<i>Performance Goal II-A: Ensure that trust fund assets are projected, collected, recorded, and reported appropriately.</i>						
II-A-1. Debts will be collected through billing, offset, reclamation, referral to outside collection programs, and a variety of other collection efforts. (Measure: funds collected vs. total debts outstanding)	69%	66%	62%	59%	55%	55%
II-A-2. Release quarterly and annual notices accurately and timely to employers regarding their experience rating based contributions. (Measure: Yes/No)	New indicator for 2005	Yes	Yes	Yes	Yes	Yes

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
II-A-3. Complete compensation reconciliations at least one year before the statute of limitations expires. (Compensation reconciliations involve a comparison of compensation reported by railroad employers to RRB for benefit calculation purposes with compensation reported to IRS for tax purposes.) (Measure: % completed)	100% of the 2001 reconciliations by 2/20/04	100% of the 2002 reconciliations by 12/17/04	100% of the 2003 reconciliations by 12/15/05	100% of the 2004 reconciliations by 12/11/06	100% of the 2005 reconciliations by 2/28/08	100% of the 2006 reconciliations by 2/28/09
II-A-4. Perform monthly reasonableness tests comparing railroad retirement taxes deposited electronically, which represent over 99% of all railroad retirement taxes, against tax receipts transferred to RRB trust funds by the Department of the Treasury (Treasury) to provide reasonable assurance RRB trust funds are receiving appropriate taxes. (Measure: reasonableness test performed and anomalies reconciled with Treasury (Yes/No))	Yes	Yes	Yes	Yes	Yes	Yes
II-A-5. Prepare annual Performance and Accountability Reports (including audited financial statements and other financial and performance reports) by the required due dates. (Measure: Yes/No)	Yes. The 2003 P&AR was released in 01/04.	Yes. The 2004 P&AR was released on 11/10/04.	Yes. The 2005 P&AR was released on 11/10/05.	Yes. The 2006 P&AR was released on 11/15/06.	Yes. The 2007 P&AR was released on 11/15/07.	Yes
II-A-6. Take prompt corrective action on audit recommendations. (Measure: % of audit recommendations implemented by target date)	95.7%	90.3% ^{2/}	97.2%	93.2%	95.0%	95.0%

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
<i>Performance Goal II-B: Ensure the integrity of benefit programs.</i>						
II-B-1. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure: recoveries and savings per dollar spent)	\$4.84: \$1.00	\$5.11: \$1.00	\$5.36: \$1.00	\$5.48: \$1.00	\$5.00: \$1.00	\$5.36: \$1.00
<i>Performance Goal II-C: Ensure effectiveness, efficiency, and security of operations.</i>						
II-C-1. Continue succession planning by ensuring there is a cadre of highly skilled employees available for key positions. (Measure for 2004 and 2005: # of position types (descriptions) for which core competencies have been defined	1 position	6 positions				
# of employees whose skills have been assessed	39 employees	73 employees				
# of employees involved with skills-enhancement programs)	18 employees	31 employees				
(Measure for 2006 and later: structured succession planning activities are continuing – Yes/No)			Yes	Yes	Yes	Yes

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
<p>II-C-2. Annually assess/update all computer security, disaster recovery, and business resumption plans for the agency. (Measure: Yes/No)</p>	<p>Assessments and updates of all scheduled plans completed.</p>	<p>Yes. The agency has completed a Business Impact Analysis and a Business Continuity Plan (BCP).</p>	<p>No. The BCP was updated with alternate non-IT site information in January 2006, and Appendix H of the BCP, the Emergency Management Organization, was updated in February 2006. An IT Disaster Recovery Plan was in draft status.</p>	<p>No. RRB certified and accredited one general support system. The agency hired an information availability analyst and completed a training test and exercise of the Continuity of Operations Plan.</p>	<p>RRB has acquired contractor assistance to certify and accredit other systems. Self-assessments will be performed on selected control components of the systems. Contingency planning and related training material will also be updated.</p>	<p>All systems will be certified and accredited. Self-assessments will be performed on selected components of the systems. The business impact assessment reports will be examined and revised as necessary. The BCP will be updated to maintain currency with the organizational structure.</p>

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
II-C-3. Develop and implement new procedures for responding to and reporting computer security incidents. (Measure: Yes/No)	Procedures have been developed, and reports of identified incidents are documented. RRB also purchased an Intrusion Detection System (IDS).	Yes. The IDS was installed on 11/19/04, and was placed in operation on 2/12/05. The IDS tuning phase was completed by 6/30/05. Computer security incident procedures are in place and reports of incidents are documented.	Yes. The Department of Energy's Computer Incident Advisory Center began vulnerability assessment testing in January 2006, and completed testing of RRB's LAN general support system.	Yes. The IDS was recently upgraded to Intrusion Prevention. A network access control device was installed on the agency LAN/WAN general support system to provide increased security management capabilities.	A Network Access Control appliance will be fine-tuned. The computer Security Incident Response Plan will be reviewed and updated as necessary.	
<i>Revised goal for 2009 and later</i>						
II-C-3. Maintain an incident response program for responding to and reporting computer security incidents. (Measure: All cyber security incidents will be reported to US-CERT, Yes/No)						Yes

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
<p>II-C-4. Assess computer security training requirements and implement an ongoing training program for agency staff. (Measure: Yes/No)</p>	<p>Yes. Training needs were assessed and a security curriculum was developed based on audit findings. An ongoing awareness training program for computer users at the agency was completed with 100% participation by agency personnel.</p>	<p>Yes. The agency has established two training tracks. Track one provides technical expertise and functional skills for IT technical staff, and track two focuses on knowledge of security assessments, planning, policy development and safeguard controls. All employees requiring IT security education participate in track two; however, technical employees use both tracks.</p>	<p>Yes. A total of 181 RRB employees with computer security responsibilities are receiving Web-based training at OPM's USALearning site, with a second training track for specialized technical education. All RRB staff annually complete a computer security awareness program.</p>	<p>Yes. All staff with computer security responsibilities received role-based security training at OPM's GoLearn.gov. Technical IT specialists participate in a track that requires security-specific technical education associated with their job. The annual computer awareness program for all employees and contractors with network access was completed.</p>	<p>The two-track training concept will be maintained. All agency staff and contractors with computer security responsibilities will receive role-based security training with a second training track for specialized technical education. Also, all RRB staff will complete a computer security awareness program.</p>	<p>The two-track training concept will be maintained. All agency staff with computer security responsibilities will receive role-based security training with a second training track for specialized technical education. Also all RRB staff will complete a computer security awareness program.</p>

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
II-C-5. Implement a methodology to successfully estimate, track and monitor total costs and time schedules for information technology investments through the project life cycle, incorporating both web and mainframe investments. (Measure: Yes/No)	New indicator for 2005	The pilot portion of the multi-phase project was completed at the end of 2005. All projects are now being entered and tracked in MS Project.	A post-implementation review was completed in 2006 to tune the system and ensure that project measures were working in the IT environment. Some best practices were developed.	This objective has been completed with full implementation of the project management system in the Bureau of Information Services.		
II-C-6. Assemble and publicize an annual inventory of RRB commercial activities on the RRB website. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
II-C-7. Complete public-private competitions on the required activities listed on the Federal Activities Inventory Reform (FAIR) Act inventory. (Measure: % of the FTEs listed on the FAIR Act inventory for which competitions completed)	5% (cumulative)	5% (cumulative)	OMB did not establish a target for 2006. RRB has competed about 5% of the FTEs on the FAIR Act inventory.	OMB did not establish a target for 2007. RRB has competed about 5% of the FTEs on the FAIR Act inventory.	Meet target level established by OMB	Meet target level established by OMB
II-C-8. Meet government percentage goal for use of performance-based contracting techniques for eligible service contract funds. (Measure: Yes/No)	New indicator for 2005	Yes	Yes	Yes	Yes	Yes

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
II-C-9. Support government-wide procurement of E-Government initiatives using the point of entry vehicle of www.FedBizOpps.gov for all eligible actions. (Measure: Yes/No)	New indicator for 2005	Yes	Yes	Yes	Yes	Yes
II-C-10. Complete migration from the agency's current mainframe database management system (IDMS) to DB2, and initiate efforts to optimize the performance of those databases and further reduce data redundancy. (Measure: Meet target dates for the migration. Yes/No)				Yes. The IDMS/DB2 database conversion was successfully completed as of 8/18/07.		
II-C-11. Complete data optimization to optimize the performance of DB2 databases for future developmental efforts, and to further reduce and document the data. (Measure: Meet target dates for the project. Yes/No)				Yes. RRB contracted for this effort.	Yes	
II-C-12. Complete modernization of RRB processing systems in accordance with long-range planning goals. (Measure: Meet target dates for each phase of the project. Yes/No)						Yes, established target dates will be met.
II-C-13. Complete 16 corrective actions to correct the RRB's material weakness related to information security. (Measure: Meet target dates for the project. Yes/No)					Most projects that do not require funding will be completed. Others will be completed if funding is available.	All corrective actions will be completed.

Railroad Retirement Board FY 2009 Final Performance Budget	2004 Actual ^{1/} (At \$100.7m)	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Target (Appropriation at \$101.9m)	2009 Target (President's proposed budget at \$105.463m)
<i>Performance Goal II-D: Effectively carry out the responsibilities of the Railroad Retirement Board under the Railroad Retirement and Survivors' Improvement Act of 2001 with respect to the activities of the National Railroad Retirement Investment Trust.</i>						
II-D-1. Review monthly reports submitted by the Trust. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
II-D-2. Review annual management reports submitted by the Trust. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
II-D-3. Review annual audit reports of the Trust's financial statements. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes

^{1/} Dollar amounts shown are funds appropriated for the fiscal year.

^{2/} The payment accuracy rate is the percentage of **dollars** paid correctly as a result of adjudication actions performed. The case accuracy rate represents the percentage of **cases** that do not contain a material payment error. Case accuracy rates reflect only those errors that are detected as a result of reviewing award actions performed during the fiscal year being studied. (A material error is an incorrect payment of \$5.00 or more at the point the error is identified; an incorrect payment of less than \$5.00 totaling 1 percent or more of the monthly rate; or, any situation in which a non-entitled benefit is paid.)

^{3/} In audit report 05-05, dated May 17, 2005, RRB's OIG found problems with the performance data for these indicators. One significant problem has been resolved, allowing us to report performance for 2005 and later. However, there are still some system limitations that prevent inclusion of all internal processing time in the performance data. We are addressing them. Until the system changes are in place, performance will be calculated as the percent of cases adjudicated within the time specified in the measure. Another program error causes a small number (less than 1 percent) of spouse applications to be calculated incorrectly. The performance data includes these cases.

^{4/} Measure does not include the time for customer receipt (from the U.S. Treasury or Postal Service).

^{5/} Measurement and reporting inconsistencies, which resulted in a net understatement of actual performance, were identified during this reporting period. These inconsistencies have been corrected effective with April 2005 data. Therefore, the 2005 performance is for the last 6 months only.

^{6/} This indicator includes both retirement and survivor disability payments. The retirement payments are impacted by the system limitations identified in footnote 3 above. When the system limitations for retirement cases are corrected, this inconsistency will be eliminated.

^{7/} The percentage has been adjusted from 88.4 percent to reflect two audit recommendations implemented at the end of the fiscal year.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

DUAL BENEFITS PAYMENTS ACCOUNT

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, [\$79,000,000] \$72,000,000, which shall include amounts becoming available in fiscal year [2008] 2009 pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: *Provided*, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.*)

Explanation of Proposed Appropriation Language

Appropriation language	Explanation
<p>For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, [\$79,000,000] <i>\$72,000,000</i>, which shall include amounts becoming available in fiscal year [2008] <i>2009</i> pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits: <i>Provided</i>, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.</p>	<p>The proposed appropriation language provides \$72,000,000 to the Dual Benefits Payments Account for payment of vested dual benefits. Of the \$72,000,000, it is estimated that \$5 million will be derived from income tax revenues as provided by Section 224(c)(1)(B) of Public Law 98-76. Also, an additional reserve amount not to exceed \$1,440,000 ($\\$72,000,000 \times 2\%$) will be made available only if the product of recipients and the average benefit received exceeds the amount available. The monies provided to the Dual Benefits Payments Account are to be made available to the account on a monthly basis in 12 approximately equal amounts.</p>

Authorizing Legislation

<u>Legislation</u>	<u>2008</u>		<u>2009</u>	
	<u>Authorized</u>	<u>Current estimate</u>	<u>Authorized</u>	<u>Appropriation request</u>
Railroad Retirement Act of 1974 as amended: Sections 15(d)(1), 7(c)(1), and 15(i)(2) Dual Benefits Payments	Indefinite	\$79,000,000 <u>a/</u>	Indefinite	\$72,000,000

a/ The Consolidated Appropriations Act, 2008 provided \$79,000,000, less a rescission of 1.747 percent, for vested dual benefit payments. The rescission amount of \$1,380,130 was restored by drawing on a portion of the 2 percent contingency reserve provided for in the fiscal year 2008 appropriation.

Section 15(d)(1):

"There is hereby created an account in the Treasury of the United States to be known as the Dual Benefits Payments Account. There is hereby authorized to be appropriated to such account for each fiscal year beginning with the fiscal year ending September 30, 1982, such sums as are necessary to pay during such fiscal year the amounts of annuities estimated by the Board to be paid under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445."

Section 7(c)(1):

"In any fiscal year, the total amounts paid under such sections shall not exceed the total sums appropriated to the Dual Benefits Payments Account for that fiscal year."

Section 15(i)(2):

"The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts."

Appropriations History Table

Dual Benefits Payments Account a/

<u>Year</u>	<u>Budget estimate to the Congress</u>	<u>House Allowance</u>	<u>Senate allowance</u>	<u>Appropriation/ continuing resolution</u>
2000	\$175,000,000	\$175,000,000	\$174,000,000	\$173,339,000 <u>b/</u>
2001	\$160,000,000	\$160,000,000	\$160,000,000	\$160,000,000
2002	\$146,000,000	\$146,000,000	\$146,000,000	\$146,000,000
2003	\$132,000,000	\$132,000,000	\$132,000,000	\$131,142,000 <u>c/</u>
2004	\$119,000,000	\$119,000,000	\$119,000,000	\$118,298,000 <u>d/</u>
2005	\$108,000,000	\$108,000,000	\$108,000,000	\$107,136,000 <u>e/</u>
2006	\$97,000,000	\$97,000,000	\$97,000,000	\$96,030,000 <u>f/</u>
2007	\$88,000,000	\$88,000,000	\$88,000,000	\$88,000,000
2008	\$79,000,000	\$79,000,000	\$79,000,000	\$79,000,000 <u>g/</u>
2009	\$72,000,000			

- a/ For all amounts on the following table, the appropriation language provides that an additional amount, not to exceed 2 percent of the appropriation amount, shall become available under certain conditions to provide for full payment of vested dual benefits. The appropriation language also specifies that the amount made available will be credited to the account on a monthly basis in 12 approximately equal amounts.
- b/ Amount reflects appropriation received under Public Law 106-113 of \$174,000,000, after the rescission of \$661,000.
- c/ Amount reflects appropriation received under P.L. 108-7, after the rescission of \$858,000.
- d/ Amount reflects the level of funding provided by the Consolidated Appropriations Act, 2004 (P.L. 108-199). This amount reflects an appropriation of \$119,000,000, less a rescission of \$702,000.
- e/ Amount reflects the level of funding provided by the Consolidated Appropriations Act, 2005 (P.L. 108-447). This amount reflects an appropriation of \$108,000,000, less a rescission of \$864,000.
- f/ Amount reflects an appropriation of \$97,000,000 provided by the Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149), less a rescission of \$970,000 in accordance with P.L. 109-148. Pursuant to P.L. 109-234, an additional \$970,000 was allocated from the contingency reserve to ensure full payment of vested dual benefits.
- g/ Amount reflects an appropriation of \$79,000,000 provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161), less a rescission of \$1,380,130 in accordance with P.L. 110-161. Additional funding was allocated from the contingency reserve to restore the funding level to \$79,000,000 and ensure full payment of vested dual benefits.

Funding Sources

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

<u>Funding sources</u>	<u>Budget authority</u> <i>a/</i>
General revenue	\$72,000,000

[Of the \$72,000,000 to be funded from general revenue, \$5,000,000 is expected from income taxes on vested dual benefits.]

a/ The proposed appropriation language provides that "... an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits"

Dual Benefits Payments Account

Amounts Available for Obligation

	Fiscal year 2007 <u>Actual</u>	Fiscal year 2008 <u>Estimate</u>	Fiscal year 2009 <u>Estimate</u>
Appropriation, excluding 2% contingency reserve (general funds of the Treasury)	\$88,000,000	\$79,000,000	\$72,000,000
Less:			
Amount rescinded from the appropriation (excluding contingency reserve) in accordance with Public Law 110-161		<u>1,380,130</u>	
Subtotal, adjusted appropriation	\$88,000,000	\$77,619,870	\$72,000,000
Plus:			
Net amount drawn from the contingency reserve in accordance with Public Law 110-161		1,380,130	
Transfer from other accounts (Federal Payments to the Railroad Retirement Accounts)	<u>2,000</u> a/	<u>3,000</u> a/	<u>1,000</u> a/
Subtotal:	\$88,002,000	\$79,003,000	\$72,001,000
Less:			
Unobligated balance	<u>1,513,000</u>	<u>0</u>	<u>0</u>
Total obligations (payments to beneficiaries)	<u>\$86,489,000</u>	<u>\$79,003,000</u>	<u>\$72,001,000</u>

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

Explanation of 2009 Request

This is the 34th request for appropriations authorized by the Railroad Retirement Act of 1974 to fund vested dual benefits received by railroad retirees who, under prior law, would have become covered by both the railroad retirement system and the social security system because railroad retirement was not fully coordinated with social security from 1937 to 1974.

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

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

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

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

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

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

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

For fiscal year 2008, the Consolidated Appropriations Act, 2008 (P.L. 110-161) provided an appropriation of \$79,000,000, less a rescission of \$1,380,130, to fund vested dual benefit payments. A net additional \$1,380,130 was drawn from the contingency reserve to provide full funding for vested dual benefits in fiscal year 2008.

The fiscal year 2009 appropriation language provides for 12 monthly payments to this account from general revenues and specifies that \$72,000,000 be appropriated for benefits. In addition, the proposed language provides that an additional amount not to exceed 2 percent of the \$72,000,000 appropriated -- or up to \$1,440,000 -- shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$150,000, to remain available through September 30, [2009] *2010*, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76. (*Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.*)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p>For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$150,000, to remain available through September 30, [2009] 2010, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76.</p>	<p>Section 417 of Public Law 98-76 (Railroad Retirement Solvency Act of 1983) amended the Railroad Retirement Act of 1974 to provide for monthly transfers from the Treasury of amounts for benefit checks drawn 6 months earlier and not presented for payment.</p> <p>Since fiscal year 1991, the RRB no longer receives credits to this account for the principal amount of uncashed railroad retirement checks under provisions of the Competitive Equality Banking Act of 1987. Instead, such funds, which are appropriated to the Treasury, are transferred directly to the railroad retirement accounts and the Dual Benefits Payments Account. As a result, the RRB is no longer required to seek prior appropriation authority for the principal amount of the uncashed check transfers. Interest on uncashed railroad retirement checks, however, must still be appropriated in advance to this account.</p>

Authorizing Legislation

Legislation	2008		2009	
	Authorized	Current estimate	Authorized	Appropriation request
Railroad Retirement Solvency Act of 1983, Section 414	Indefinite	\$150,000 <u>a/</u>	Indefinite	\$150,000
Competitive Equality Banking Act of 1987, Section 1003				
Railroad Retirement Act of 1974, as amended, Section 15(i)(2)				

"The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts."

Appropriations History Table

<u>Fiscal year</u>	<u>Budget estimate to the Congress</u>	<u>House allowance</u>	<u>Senate allowance</u>	<u>Appropriation</u>
2000	\$150,000	\$150,000	\$150,000	\$150,000
2001	\$150,000	\$150,000	\$150,000	\$150,000
2002	\$150,000	\$150,000	\$150,000	\$150,000
2003	\$150,000	\$150,000	\$150,000	\$150,000
2004	\$150,000	\$150,000	\$150,000	\$150,000
2005	\$150,000	\$150,000	\$150,000	\$150,000
2006	\$150,000	\$150,000	\$150,000	\$150,000
2007	\$150,000	\$150,000	\$150,000	\$150,000
2008	\$150,000	\$150,000	\$150,000	\$150,000 <u>a/</u>
2009	\$150,000			

a/ This amount reflects the level of funding provided by the Consolidated Appropriations Act, 2008 (P.L. 110-161).

Note: Amounts appropriated are available for 2 years.

Federal Payments to the Railroad Retirement Accounts
(Appropriations for Uncashed Checks)

Amounts Available for Obligation

	Fiscal year 2007 <u>Actual</u>	Fiscal year 2008 <u>Estimate</u>	Fiscal year 2009 <u>Estimate</u>
Appropriation	\$150,000	\$150,000	\$150,000
Plus:			
Unobligated balance, start of year	<u>150,000</u> a/	<u>150,000</u> a/	<u>150,000</u> a/
Subtotal:	\$300,000	\$300,000	\$300,000
Less:			
Unobligated balance, end of year	<u>211,000</u>	<u>203,000</u>	<u>194,000</u>
 Total obligations	 <u>\$ 89,000</u>	 <u>\$ 97,000</u>	 <u>\$106,000</u>

a/ Of the total end of year unobligated balance, only the \$150,000 appropriated in the previous fiscal year is brought forward into the subsequent fiscal year.

Explanation of 2009 Request

Prior to enactment of Section 417 of the Railroad Retirement Solvency Act of 1983, amounts for uncashed benefit checks were not credited to the Railroad Retirement Accounts. Section 417 provided a two-part process for recovering unnegotiated benefit check amounts. The first part, represented by the 1985 appropriation request, was a catch-up mechanism to credit the accounts with the amount of all uncashed checks issued prior to May 1985, that the Treasury and the RRB could jointly identify from accounting records. The amount agreed upon and appropriated in 1985 was \$15 million and was to remain available through September 30, 1986.

The second part of the process went into effect for checks issued on and after May 1, 1985. From that date, on a monthly basis, the Treasury transferred to the account amounts represented by checks drawn 6 months earlier and not presented for payment. These amounts were provided for, in advance, in appropriation acts. For fiscal year 1991 and thereafter, the RRB is to seek appropriation authority only for the interest earned on unnegotiated checks. Under provisions of the Competitive Equality Banking Act of 1987, the principal amount of uncashed railroad retirement checks is to be appropriated to the Treasury, which in turn shall transfer such amounts directly to the appropriate RRB accounts.

The appropriation proposed for fiscal year 2009 provides that funds would be available for 2 years -- or through September 30, 2010.

Information Technology Strategy and Benefits Fiscal Year 2009

The Railroad Retirement Board is actively pursuing further automation and modernization of its various claims processing systems. Ongoing and planned projects will further increase and enhance the efficiency and effectiveness of our benefit payments and program administration. Automation initiatives in recent years have also significantly improved operations and allowed the agency to reduce staffing in certain areas.

Key initiatives are grouped into major categories as described below.

Technology Infrastructure and Administrative Support -- These investments are required to establish a firm foundation for the technology advances we have planned in accordance with the agency's target enterprise architecture, and to maintain our operational readiness. The specific investments in fiscal year 2009 include:

- ***Network Operations*** (\$950,000)
This item supports the agency's centralized wide-area network operations. It includes funding for emergency/mandatory replacements or upgrades of hardware or software as needed to ensure continuing service to the user community and the agency's customers. This item will also provide for assistance in the form of staff augmentation and other contractual support to provide for the introduction of new technologies, and the purchase of system monitoring tools to improve efficiency.

- ***Infrastructure replacement*** (\$50,000)
This item provides funding for the continued upgrading and scheduled replacement of the agency's network equipment and related software. The upgrades and replacements follow the RRB's IT Replacement Policy for modernizing and securing the agency's computer operations.

- ***IT Tools*** (\$100,000)
The RRB will purchase a variety of software and systems development tools to continue automation efforts that exploit new information technology and support the transition to automation. Funding is also needed to comply with Federal requirements concerning the need to record and archive electronic transmission of information in the future.

Risk Management Services -- Information Security (\$375,000)

In order to provide appropriate protection of information and information systems in the face of a changing risk environment, a comprehensive security program requires continuous management to control the risks that threaten the agency's critical assets. Complementary use of both technology and well-trained personnel can effectively reduce those risks to an acceptable level. Funding for information security will provide for a variety of information security program activities.

Information Technology Strategy and Benefits Fiscal Year 2009

Application Design Services

Application design services enable the agency to provide for the strategic objective of providing our customers with more flexible delivery options.

- *E-Government* (\$200,000)
We continue to enhance the Employer Reporting System (ERS). We are using contractor assistance to convert existing software to a language that can be supported by in-house staff; completing work on processes that handle pre-payment and post-payment verification of unemployment and sickness insurance claims; and adding the functionality to allow employers to create and file annual reports of service and compensation via the Internet-based ERS. These are scheduled to be completed in fiscal year 2009.

In fiscal year 2009, ERS will also be expanded to include functionality to notify rail employers of annuities awarded to their employees and to provide notice of Tier I tax liability on sickness payments.

System Modernization – Building on the DB2 Data Optimization project, the next step in our information technology transition strategy is system modernization. The data optimization process and strategic planning will point out opportunities to modernize our systems, many of which are old and complex and require a large investment in maintenance.

- *System Modernization* (\$300,000)
In fiscal year 2009, we will use contractor services to assist us in evaluating, choosing and creating a project plan for our first system to modernize. The selected system will serve as a pilot for future modernization efforts. Key to this examination will be the requirement to use optimized data so that data redundancy is reduced to the lowest practical level.

Task Orders (\$395,000)

This non-capital item represents funding to implement the President's goals for increasing private-sector competition in commercial-type activities. Contractor resources would be used on a task-order basis (1) as an alternative to filling vacant positions, and (2) for staff augmentation for system and network engineering and application development projects.

**Information Technology Strategy and Benefits
Fiscal Year 2009**

Technology Infrastructure and Administrative Support

Capital Element: **Network Operations**

Fiscal Year 2009 Cost: **\$950,000**

The agency strives to provide one of the best computing environments in the Federal Government. This capital item supports the agency's centralized wide-area network operations. The RRB's computer network links together headquarters and field office computer systems. Services such as electronic mail and the Web are supported through network operations.

Funds are included for emergency replacements or upgrades of hardware or software to ensure continuing service to the agency and its customers.

This item also provides for:

- Assistance in the form of contractual support;
- Support to provide for the introduction of new, emerging technologies; and,
- Purchase of system monitoring tools to further mechanize the monitoring of the network so that we can do more with less staff.

Cyclical replacement of hardware is included in the capital element, Infrastructure Replacement.

**Information Technology Strategy and Benefits
Fiscal Year 2009**

Technology Infrastructure and Administrative Support

Capital Element: **Infrastructure Replacement**

Fiscal Year 2009 Cost: **\$50,000**

IT infrastructure is the critical foundation for business applications. Life cycle replacement of infrastructure equipment is a direct cost but reduces indirect, hidden costs such as lost end-user productivity and downtime. This capital element provides for the continued upgrading and scheduled replacement of the agency's network equipment and its attendant software. Upgrades and cyclical replacements follow the RRB's IT Replacement Policy for modernizing and securing the agency's computer operations.

Core information technology infrastructure elements identified in the IT Replacement Policy include:

<ul style="list-style-type: none">• Imaging jukeboxes• Laptops• Monitors• Personal digital assistants (PDA's)• Personal computers• Network printers	<ul style="list-style-type: none">• Personal printers• Portable printers• Routers/switches• Scanners (imaging)• Scanners (personal)• Servers
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The level of funding provided for this activity in fiscal year 2009 will only allow for the replacement of limited equipment restricted to emergency/critical situations.

**Information Technology Strategy and Benefits
Fiscal Year 2009**

Technology Infrastructure and Administrative Support

Capital Element: **IT Tools**

Fiscal Year 2009 Cost: **\$100,000**

Automation is a key aspect of the agency's long-range plans. Implementation of the target information technology architecture that was defined in the agency's Enterprise Architecture Strategic Plan involves the need to provide new software tools. The RRB will purchase a variety of software and systems development tools to continue automation efforts that exploit new information technology and support the transition to automation. This will include tools to support middleware, relational databases, and the development of additional microcomputer application systems, as well as tools to allow secure Intranet/Internet access to enterprise mainframe-based applications and data. It will also include additional developer licenses for a variety of multi-platform system development tools and server support components.

Funding is also needed to comply with Federal requirements concerning the need to record and archive electronic transmission of information in the future. A fully developed Electronic Records Management (ERM) system consists of the ERM Application, hardware, staff, policies, and procedures that work in concert to enable RRB to manage records electronically. This ERM Application project includes the ERM software and developmental effort that will identify, classify, and dispose of RRB electronic records according to specified records disposition policies.

**Information Technology Strategy and Benefits
Fiscal Year 2009**

Risk Management Services

Capital Element: **Information Security**

Fiscal Year 2009 Cost: **\$375,000**

In order to provide appropriate protection of information and information systems in the face of a changing risk environment, a comprehensive security program requires continuous management to control the risks that threaten the agency's critical assets. Complementary use of both technology and well-trained personnel can effectively reduce those risks to an acceptable level.

Funding for information security will provide for a variety of information security program activities. These include initiatives to:

- Continue certification and accreditation of agency systems.
- Acquire security awareness training. The agency will take advantage of shared service center agencies/vendors participating in the Presidential Information Systems Security Line of Business initiative.
- Acquire role-based comprehensive specialized security training for personnel with direct responsibilities for protecting IT systems.
- Acquire a Federal Information Security Management Act (FISMA) Reporting Solution to automate FISMA evaluation and reporting processes. The agency will take advantage of shared service center agencies/vendors participating in the Presidential Information Systems Security Line of Business initiative.
- Replace equipment in accordance with life-cycle standards.
- Acquire a digital evidence forensic workstation and automated malicious code analysis software/tools.
- Continue efforts to improve other processes to incorporate security program principles into all aspects of IT system operations.

**Information Technology Strategy and Benefits
Fiscal Year 2009**

Application Design Services

Capital Element: **E-Government**

Fiscal Year 2009 Cost: **\$200,000**

The President's Management Agenda calls for expanded use of the Internet for services to citizens. We plan to use contractor services to augment existing agency staff to expand the electronic services available to the railroad public via the RRB's website. This goal is consistent with the agency's overall goal to address our customers' needs and expectations, providing them with a range of choices for conducting business with us, including more Internet options that are private and secure. The benefits of these initiatives will be realized in increased efficiency and accuracy of business transactions between rail employees/employers and the RRB.

We will expand the Internet-based Employer Reporting System to:

- Enable rail employers to create and file annual reports of service and compensation,
- Notify rail employers of annuities awarded to their employees, and
- Notify rail employers of Tier I tax liability on sickness payments.

In addition, contractors will be used to assist us in converting the existing system to a Microsoft.Net, platform-based system which can then be supported by agency in-house personnel, and is in alignment with the agency's enterprise architecture.

**Information Technology Strategy and Benefits
Fiscal Year 2009**

System Modernization

Capital Element: **System Modernization**

Fiscal Year 2009 Cost: **\$300,000**

This item provides funding for contractor services to evaluate the pilot project's business requirements. The contractor will identify possible solutions, analyze them and then recommend one for implementation. Key to this examination will be the requirement to use optimized data so that data redundancy is reduced to the lowest practical level. To save development costs, the contractor will also investigate incorporating any of the pilot project's processes into already existing RRB applications. Additionally, the contractor will explore the possibility of locating the pilot on a non-mainframe-based computer platform.

Moving away from mainframe technologies will help the RRB recruit development staff with more modern skill sets to replace its retiring workforce. Development of the pilot will begin during fiscal year 2009. RRB and contractor staff will perform the work.

**Information Technology Strategy and Benefits
Fiscal Year 2009**

Non-Capital Element: **IT Task Orders**

Fiscal Year 2009 Cost: **\$395,000**

This non-capital item represents funding to implement the President's goals for increasing private-sector competition in commercial-type activities. Contractor resources would be used on a task-order basis (1) as an alternative to filling vacant positions, and (2) for staff augmentation for system and network engineering and application development projects.

It is anticipated that task orders in fiscal year 2009 would be used to accelerate the development of automation initiatives and eliminate the RRB's aging dBase programs. Task orders would also be used for assistance in handling the follow-up activities related to the database management system migration and data optimization projects.

PAGE 78 IS BLANK

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment

Series	Rank	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Executive	Level III	1	1	1
	Level IV	2	2	2
Senior Executive Service	ES-00	8	8	8
General Schedule/Management	GS/GM-15	34	32	30
	GS/GM-14	44	42	40
	GS/GM-13	104	101	95
	GS-12	231	228	225
	GS-11	96	93	107
	GS-10	114	112	110
	GS-9	163	169	175
	GS-8	33	35	36
	GS-7	32	36	33
	GS-6	20	18	17
	GS-5	35	30	22
	GS-4	11	8	6
	GS-3	3	2	2
	GS-2	0	0	0
Wage Board	All Levels	1	1	1
Combined	Total	932	918	910

Positions in the Office of Inspector General are excluded. Amounts shown for 2007 represent FTEs being utilized as of the last full pay period in the fiscal year, not the total FTEs used in 2007.

AVERAGE ES LEVELS, GS/GM GRADES, AND SALARIES

	FY 2007 <u>Actual</u>	FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>
Average ES Salary	\$162,081	\$167,754	\$172,619
Average GS/GM Grade	10.5	10.5	10.5
Average GS/GM Salary	\$74,501	\$77,109	\$79,345

Railroad Retirement Board
Employee Relocation Expenses

	Past Year FY 2007	Current Year FY 2008	Budget Year FY 2009
Total	\$175,211	\$167,400	\$277,300

PAGE 82 IS BLANK

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