

# PERFORMANCE BUDGET



*Fiscal Year 2010*

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**Railroad Retirement Board**

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## **Introduction**

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2010 to support our mission (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** and can be easily cross-referenced to that plan. We will hold managers accountable for achieving the goals laid out in the Strategic Plan, 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 2010. 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 2010 for each performance goal, at the President's proposed budget level of \$109,073,000, is provided in the Exhibit.

We will also prepare and submit to the President and the Congress a report on program performance for fiscal year 2010, as part of our 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 \$84,751,333 and 715 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 2008, 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.

<b>Overall Timeliness Performance Fiscal Year 2008</b>	
• Retirement applications:	93.2% (target: 92.8%)
• Survivor applications:	95.4% (target: 95.0%)
• Disability applications/payments:	83.4% (target: 82.2%)
• RUIA applications/claims:	99.7% (target 99.6%)

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 HelpLine. 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 surveys again in fiscal years 2009 and 2010. 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 initiated 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 \$24,321,667 and 205 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.*

We released our Performance and Accountability Report for fiscal year 2008 on November 17, 2008. The RRB's OIG issued an unqualified ("clean") opinion on the RRB's 2008 financial statements, which were included in that report. The auditors' report, however, identified two material weaknesses related to information security and financial reporting. It also pointed out one significant deficiency involving reconciliation of benefit payment subsystems with the general ledger. Agency managers have developed action plans to make improvements in all three areas. During the planning period, we will continue to work to maintain a clean opinion on the financial statements and address any deficiencies identified in future reports.

**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 2008, the RRB invested the equivalent of about 23 full-time employees, at a cost of approximately \$2.04 million in program integrity efforts. This resulted in nearly \$11 million in recoveries, \$794,000 in benefits saved, and the referral of 141 cases to the OIG for investigation. This is approximately \$5.76 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 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.*
- *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 strategic management of human capital, expanding electronic government, and systems modernization.

***Strategic Management of Human Capital*** –In accordance with guidelines issued by the Office of Personnel Management, the RRB is developing a comprehensive document which outlines the agency's human capital policies, programs and practices. This includes a detailed analysis of the demographic features of the RRB workforce and the skills needed to fulfill our mission. It will also establish a procedural framework for recruiting, training and developing talented employees.

Like many agencies, the RRB has an aging workforce, with more and more employees approaching and reaching retirement age. About 30 percent of our workforce is currently eligible to retire, and the percentage will increase to over 50 percent by fiscal year 2012. In response to this trend, we have placed added emphasis on filling entry-level positions, focusing on front-line service employees and claims examiners to the extent possible. As more senior employees retire, these new employees will be key to effectively administering the RRB's programs and continuing to provide excellent service over the long term.

***Expanding Electronic Government*** – In fiscal year 2009, we have implemented nationwide toll-free telephone service, which enables us to dynamically route phone calls among our offices based on logical business rules and customer needs. In addition to providing our customers with faster response times, the toll-free service allows agency management to more effectively balance and share workloads among offices. We plan to continue expanding the functionality and services offered through the toll-free number (1-877-772-5772 or 1-877-RRB-5RRB). Enhancements will focus on new self-service options available through the toll-free system.

The RRB's long term information technology strategy also calls for expanded use of the Internet to provide services to our customers. 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. As part of this strategy, we continue to work on the Employer Reporting

System (ERS), to increase the amount of information related to railroad compensation, employment and service that employers can transmit to the RRB through the Internet. In fiscal year 2010, we plan to expand services to provide additional notifications to rail employers and enable employers to correct data through the system.

***Data Optimization and Systems***

***Modernization*** – In February 2009, the RRB successfully concluded a major project to develop an optimized database. Begun in September 2007, with the contractual assistance of KPIT Cummins Infosystems (KPIT), this effort included analyzing all legacy tables to identify master data, developing models, designing more than 650 transformations to synchronize the legacy and master databases, configuring software to collect changes to the legacy databases and developing reports and user interfaces. KPIT staff members remain on board through June 2009 to provide transitional assistance, as well as Data Blueprint staff members who acted as independent experts reviewing major decisions on the project. RRB analysts and the data modeler have begun data governance groundwork, including plans for improving the database as the legacy tables are decommissioned and applications address the new master database.

Just as the conversion to DB2 prepared the legacy databases for optimization, the data optimization project prepares the way for the systems modernization process. A Systems Modernization Strategy paper was developed by the Bureau of Information Services (BIS) and presented to the Executive Committee in January 2009. The paper outlined BIS’s definition of systems modernization and the near, mid, and long-term goals of modernization. BIS is currently working with the Office of Programs and other bureaus to develop a project plan for the near-term goals. This plan should be ready by the summer of 2009. Once the project plan is in place, work will begin to eliminate legacy tables from the database. Also, the systems modernization team will be working with the Medicare modernization team to modernize the Medicare system. This work will begin in fiscal year 2009 and continue through fiscal year 2010.

**Fiscal Year 2010 E-Government Initiatives**

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

- Provide additional notifications to rail employers.
- Notify rail employers of errors and means of correcting data.

**Fiscal Year 2010 Information Technology Plan Investments**

Infrastructure replacement .....	\$250,000
FFS conversion study.....	200,000
E-Government.....	250,000
Systems modernization .....	336,287
Information security and privacy .....	375,000
Continuity of operations .....	<u>240,000</u>
Total .....	\$1,651,287

**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. The RRB'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 and a network access control device 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.

In fiscal year 2009, the existing intrusion detection system is being upgraded to a newer version, a forensic recovery evidence device is being replaced with a new, more capable unit, and e-mail encryption is being added to the agency's IronPort spam filtering device. All end users have security awareness training and every employee with significant information security responsibilities is provided with additional role-based security education. The agency's disaster recovery capability is tested with periodic backup site recovery exercises.

Certification and accreditation assessments of the agency's mainframe general support system and five of the major applications were conducted in fiscal year 2008. For fiscal year 2009, and optionally beyond, the RRB is currently arranging contractor support for ongoing security control monitoring, additional certification and accreditation activities, and related support activities. In fiscal year 2010, an application white-listing device will be added to protect network integrity and improve Federal Information Security Management (FISMA) compliance.

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.
  - Objectively evaluating the existence and proper functioning of common security controls – that is, those controls that are shared within the agency and employed to ensure the confidentiality, integrity, and availability of systems and the data they contain.

- **Operational Risk Management:** Various information technology 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 (managerial, operational and technical controls).

During fiscal years 2009 and 2010, the Risk Management Group will:

- Continue implementing the National Institute of Standards and Technology (NIST) risk management framework by continuously monitoring security controls through the security certification and accreditation process to ensure that controls remain effective over time in the face of changing threats, missions, environments of operation, and technologies.
- Assist with the implementation of acceptable system configuration requirements as specified by the OMB-mandated Federal Desktop Core Configuration policy.
- Provide assistance with the certification and accreditation of the agency's financial management major application.
- Acquire and implement an enterprise grade anti-spyware solution.
- Ensure agency-wide compliance with FISMA requirements through the oversight and direction of the Security and Privacy Committee.
- 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 guidance and standards from NIST.
- Provide for general awareness training for agency employees, and broaden the security education program for those employees and contractors with responsibilities for information system security.
- Conduct and/or oversee ongoing system security reviews and tests, and develop associated reports.