
RAILROAD RETIREMENT BOARD

JUSTIFICATION OF BUDGET ESTIMATES



FISCAL YEAR 2010

MAY 08 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 2010, 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 \$109,073,000 for the Railroad Retirement Board's (RRB) administrative expenses in fiscal year 2010.

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.

We estimate that the proposed funding will provide for a staffing level of 920 full-time equivalent staff years (FTEs). The proposed budget would also provide about \$1,651,000 for information technology investments.

In addition to the requests for administrative expenses, the President's budget includes \$64 million to fund the continuing phase-out costs for vested dual benefits. An additional amount, not to exceed \$1,280,000, 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, 2011. 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

May 8, 2009

Enclosure

cc: The Honorable Peter Orszag, Director
Office of Management and Budget



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RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
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BOARD MEMBERS:

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

The Honorable Joseph R. Biden, Jr.
President of the Senate
Washington, D.C. 20510

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JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 2010

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RAILROAD RETIREMENT BOARD

SUMMARY OF APPROPRIATION ESTIMATES
FOR FISCAL YEARS 2009 and 2010

Account	Fiscal Year 2009		Fiscal Year 2010		Page	
	FTEs	Amount	FTEs	Amount		
Limitation on Administration	910	\$105,463,000	<u>a/</u>	920	\$109,073,000	9
Dual Benefits Payments Account	—	\$ 72,000,000	<u>a/</u>	—	\$ 64,000,000	<u>b/</u> 57
Federal Payments to the Railroad Retirement Accounts	—	\$ 150,000	<u>a/</u>	—	\$ 150,000	<u>c/</u> 65
Limitation on the Office of Inspector General	51	\$ 7,806,000	<u>a/</u>	54	\$ 8,186,000	<u>d/</u> —

a/ The amounts for fiscal year 2009 reflect the level of funding provided by the Omnibus Appropriations Act, 2009 (P.L. 111-8).

b/ The appropriation language provides for \$64,000,000 to fund vested dual benefits from general revenues of which \$3,000,000 is expected from income taxes on vested dual benefits. The appropriation language provides for an additional 2 percent reserve (\$1,280,000) which will become available only if the product of recipients and the average benefit received exceeds the amount available to pay vested dual benefits.

c/ This amount reflects our latest estimate for interest related to uncashed railroad retirement checks and will remain available through September 30, 2011.

d/ 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 2008, the RRB paid \$10.1 billion, net of recoveries, in retirement and survivor benefits and \$80 million, net of recoveries, in unemployment and sickness insurance benefits. During fiscal year 2008, about 598,000 beneficiaries received retirement and survivor benefits, about 11,000 railroad workers received unemployment insurance benefits, and nearly 19,000 received sickness insurance benefits. During fiscal year 2008, the RRB also paid benefits on behalf of the Social Security Administration amounting to \$1.2 billion to about 118,000 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 provided for full early retirement eligibility at age 60 for railroad employees with 30 or more years of service; eliminated the maximum provision that had previously capped some

employee and spouse railroad retirement benefits; reduced the basic eligibility requirement for an employee annuity from 10 to 5 years if performed after 1995; and provide increased benefits for some widow(er)s. The Act also authorized the National Railroad Retirement Investment Trust to manage and invest the assets of the railroad retirement system in the same array of investment alternatives available to private sector pension plans.

The RRB also administers certain vested dual benefits financed by annual appropriations from general funds. As of September 30, 2008, nearly 39,000 beneficiaries received vested dual 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 2010, it is estimated that the RRB will be reimbursed \$9.5 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. The market value of Trust-managed assets on September 30, 2008, was approximately \$25.3 billion. Through fiscal year 2008, the Trust has transferred \$6.309 billion to the RRB to pay railroad benefits, including \$1.391 billion and \$1.298 billion, respectively, in fiscal years 2007 and 2008. Trust-managed assets have declined as a result of the general economic downturn in 2008 and the early part of 2009. The Trust reported that Trust-managed assets amounted to \$19.1 billion as of March 31, 2009.

Effect on payroll taxes. Under the RRSIA, the tier II tax rate 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 2009 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 \$79,200 in 2009. 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 2009, 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 2009 will pay a tax of 2.61 percent, which represents the average rate paid by all employers in the period 2005-2007. For 80 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2009.

The 2009 rate is applied to the first \$1,330 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 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.

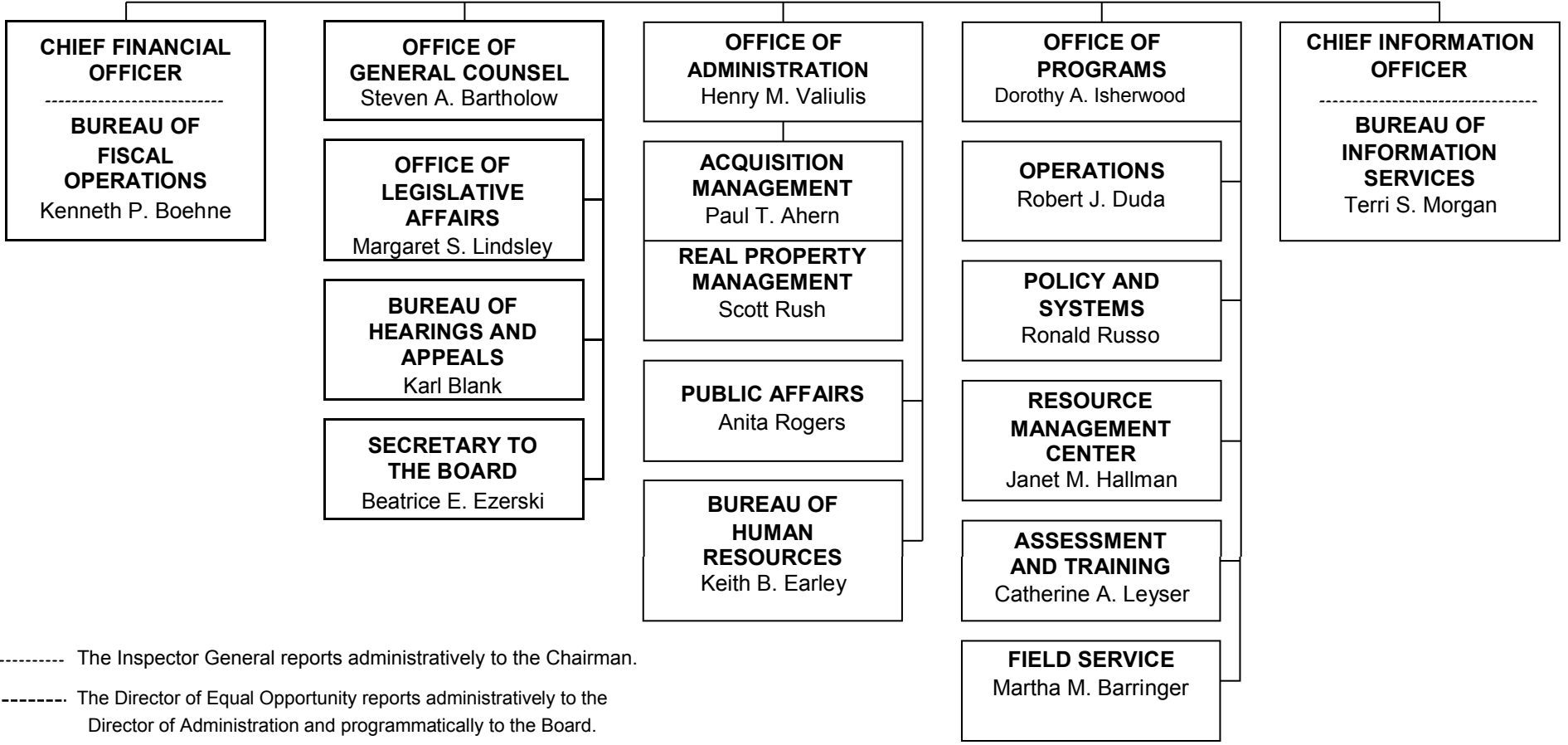
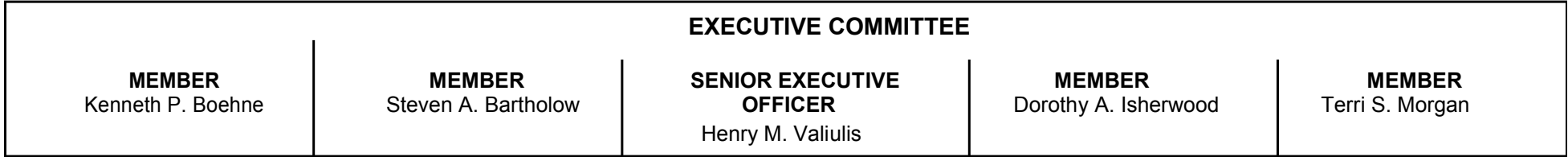
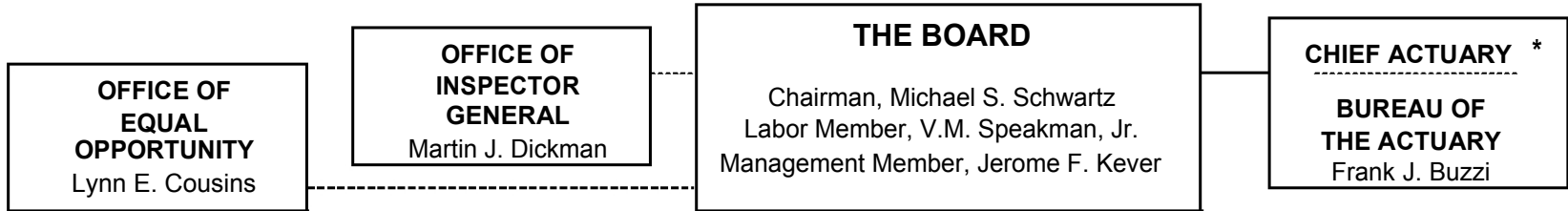
Limitation on the Office of the Inspector General

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 2009</u>	<u>Professional affiliations</u>
Michael S. Schwartz (Chairman)	08-28-12	\$162,900	None
Jerome F. Kever (Management Member)	08-28-08	\$153,200	American Institute of Certified Public Accountants
Virgil M. Speakman, Jr. (Labor Member)	08-28-09	\$153,200	Brotherhood of Railroad Signalmen Federal Managers' Association

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 (“Board”) for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, [\$105,463,000] \$109,073,000, 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, 2009.*)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p>For necessary expenses for the Railroad Retirement Board (“Board”) for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, [\$105,463,000] <i>\$109,073,000</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

Legislation	2009		2010	
	Authorized	Current estimate	Authorized	Appropriation request
Authorizing legislation -- Railroad Retirement Act: Section 15(a), first two sentences of section, and Section 15A(c)(1)	Indefinite	\$105,463,000 <u>a/</u>	Indefinite	\$109,073,000

Authorizing legislation -- Railroad
Unemployment Insurance Act:
Section 11(a)

a/ This amount reflects the level of funding provided by the Omnibus Appropriations Act, 2009 (P.L. 111-8).

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 2008	Fiscal year 2009	Fiscal year 2010	Increase or
<u>Direct obligations by object class</u>	actual amounts(\$) b/c/	estimated amounts(\$) c/d/	estimated amounts(\$) c/	decrease(\$)
Personnel compensation:				
Full-time permanent	63,848,000	64,259,000	67,184,000	2,925,000
Positions other than permanent	867,000	738,000	734,000	(4,000)
Other personnel compensation	<u>1,568,000</u>	<u>1,617,000</u>	<u>1,574,000</u>	<u>(43,000)</u>
Total personnel compensation	66,283,000	66,614,000	69,492,000 e/	2,878,000
Personnel benefits: civilian	15,223,000	15,425,000	16,627,000	1,202,000
Benefits for former personnel	200,000	200,000	200,000	0
Travel and transportation of persons	688,000	759,000	798,000	39,000
Transportation of things	91,000	71,000	69,000	(2,000)
Rental payments to GSA f/	3,500,000	3,900,000	3,900,000	0
Communications, utilities, and miscellaneous charges	4,400,000	5,718,000	5,139,000	(579,000)
Printing and reproduction	282,000	322,000	305,000	(17,000)
Consulting services	564,000	609,000	722,000	113,000
Other services	8,679,000	10,896,000	10,705,000 g/	(191,000)
Supplies and materials	709,000	688,000	701,000	13,000
Equipment	<u>1,248,000</u>	<u>261,000</u>	<u>415,000</u>	<u>154,000</u>
Total, direct obligations	101,867,000	105,463,000	109,073,000 h/	3,610,000
Unobligated balance	<u>15,000</u>	==	==	==
Total budget authority	<u>101,882,000</u>	<u>105,463,000</u>	<u>109,073,000</u>	<u>3,610,000</u>

a/ In a separate justification document, the Office of Inspector General is requesting \$8,186,000 for administrative expenses in fiscal year 2010.

b/ Amounts reflect an appropriation of \$103,694,000 to the Limitation on Administration less a rescission of \$1,811,534 in fiscal year 2008 under Public Law 110-161.

c/ The Limitation on Administration excludes \$9.1 million in fiscal year 2008 that the RRB received in reimbursements from the Centers for Medicare and Medicaid Services (CMS) and others. Amounts for fiscal years 2009 and 2010 exclude \$9.5 million in each fiscal year that the RRB expects to be reimbursed from CMS and others.

d/ Reflects the \$105,463,000 provided by the Omnibus Appropriations Act, 2009 (P.L. 111-8).

e/ This amount includes a locality-based comparability and cost-of-living increase of 2.0% effective January 2010, 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 2010 (OMB Circular A-11, Section 25.5).

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

SUMMARY OF CHANGES ^{a/}

	Appropriation total
FY 2009 appropriation	\$105,463,000 ^{b/}
FY 2010 estimate	109,073,000
Net change	\$ 3,610,000

	2009 Current (Base)		2010 Change from Base	
	Budget		Budget	
	FTEs	Authority	FTEs	Authority
Increases:				
<i>Built-in:</i>				
1. Net change related to full-time and part-time salaries:				
Adjustments to average salary estimates and net gain in FTEs		\$928,000		
Annualization of January 2009 pay raise		658,000		
January 2010 pay raise		997,000		
Grade/step increases		338,000		
Other compensation (awards and overtime)		-43,000		
Subtotal, built-in salary and FTE increases	910	\$66,614,000	10	\$2,878,000
2. Net change related to personnel benefits:				
Adjustment to previous estimates and net gain in FTEs		\$224,000		
Annualization of January 2009 pay raise		159,000		
January 2010 pay raise		240,000		
Grade/step increases		81,000		
Other changes (health insurance, etc.)		498,000		
Subtotal, built-in changes to benefits	--	15,425,000	--	1,202,000
Subtotal, built-in compensation increases			<u>10</u>	<u>\$4,080,000</u>
<i>Program:</i>				
1. Travel and transportation of persons	--	\$759,000	--	\$39,000
2. Consulting services	--	609,000	--	113,000
3. Equipment	--	261,000	--	154,000
4. Supplies	--	688,000	--	13,000
Subtotal, program increases				\$319,000
Total increases				<u>\$4,399,000</u>
Decreases:				
<i>Program:</i>				
1. Transportation of things	--	\$71,000	--	-\$2,000
2. Communications, utilities, and miscellaneous charges	--	5,718,000	--	-579,000
3. Printing and reproduction	--	322,000	--	-17,000
4. Other services	--	10,896,000	--	-191,000
Total decreases				-\$789,000
Net change			<u>10</u>	<u>\$3,610,000</u>

^{a/} Corresponds to page 12 - Administrative Expenses.

^{b/} Amount shown reflects the level of funding provided by the Omnibus Appropriations Act, 2009 (P.L. 111-8).

Note: Dollar amounts are rounded to the nearest thousand.

ADMINISTRATIVE EXPENSES

Budget Authority by Strategic Goal

<u>Limitation on Administration</u>	Fiscal year 2008				Fiscal year 2009				Fiscal year 2010			
	<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	711	77	79,069,144	78	705	77	81,504,440	77	715	78	84,751,333	78
2. Stewardship	<u>207</u>	23	<u>22,798,322</u>	22	<u>205</u>	23	<u>23,958,560</u>	23	<u>205</u>	22	<u>24,321,667</u>	22
Total, direct program obligations			101,867,466				105,463,000				109,073,000	
Unobligated balance			<u>15,000</u>				<u>---</u>				<u>---</u>	
Total budget authority	<u>918</u>		<u>101,882,466</u>		<u>910</u>		<u>105,463,000</u>		<u>920</u>		<u>109,073,000</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

Fiscal year	<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	-9	-1.0%	780	-45.9%
2009	910 <u>c/</u>	-8	-0.9%	788	-46.4%
2010	920 <u>c/</u>	+10	+1.1%	778	-45.8%

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

The following chart shows contracts of \$10,000 and over that are planned for fiscal year 2010.

<u>Title and description</u>	<u>Estimated FY 2010 funding (\$)</u>
<u>Information technology investments</u>	
▪ <u>Information security and privacy.</u> Funding will be used for services required for adherence to the Federal Information Security Management Act (FISMA), including assistance to conduct system certification and accreditation.	375,000
▪ <u>System modernization.</u> Contractor assistance will be used to identify possible solutions to modernize existing RRB applications and to evaluate the possibility of moving them from a mainframe-based computer platform to a shared mainframe/network-based environment.	336,287
▪ <u>Continuity of operations initiative.</u> Federal agencies are required to create and maintain a continuity of operations plan to ensure that the agency can carry on all essential functions in case of a disaster. This funding will provide disk backup (data replication or data mirroring) to the agency's secondary backup center for critical information that needs to be continuously available.	240,000
▪ <u>FFS conversion study.</u> Funding would provide for a study to determine the most cost-effective approach to convert the agency's current Federal Financial System to a new certified system.	200,000
▪ <u>E-Government.</u> Funding would allow for contractor assistance for the Employer Reporting System and other IT initiatives.	250,000
▪ <u>IT operations support and memberships.</u> Funding includes contractual services for Pay.gov, IBM operations support services, Gartner membership and core research services.	159,220
<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.	1,696,982
▪ <u>Consultative medical services.</u> Funding will be used for medical evidence reviews concerning benefit and claim matters and preparation of advisory medical opinions.	625,000

Funding for Major Contracts

<u>Title and description</u>	<u>Estimated FY 2010 funding (\$)</u>
▪ <u>Contact representative training.</u> Contract funding will be used for training contact representatives.	83,000
▪ <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.	675,000 <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 (FRC) to maintain the RRB claim files. This cost includes \$21,000 for shuttle service to transport files between RRB headquarters and the FRC.	391,000 <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.	500,000
▪ <u>E-Payroll and human resources services.</u> Funding is required for contracted E-Payroll and electronic human resources services provided by GSA.	283,000 <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.	51,500 <u>a/</u>
▪ <u>Computer recovery service.</u> Fees are paid for backup data processing operations in the event of an emergency or disaster.	275,000
▪ <u>Personnel identification system.</u> Funding is required to obtain updated personnel identification cards that meet the Homeland Security Presidential Directive for secure identification for agency employees and contractors.	45,000 <u>a/</u>

Funding for Major Contracts

<u>Title and description</u>	<u>Estimated FY 2010 funding (\$)</u>
▪ <u>Employee assistance program.</u> The RRB provides professional assistance for employees with personal problems that adversely affect work performance.	35,800
▪ <u>Videoconferencing and transcription services.</u> Funding will provide for videoconferencing services needed for hearing appeals.	30,000
▪ <u>Recruitment and hiring services.</u> Funding will be used to pay OPM for recruitment and hiring services.	27,300 ^{a/}
▪ <u>Telecommunications study.</u> Funding will be used for a study to determine whether to replace or upgrade the RRB headquarters telephone switch or convert to voice-over-Internet protocol.	50,000
 <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.	804,800
▪ <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 ^{a/}
▪ <u>Janitorial services.</u> Funding is required for janitorial services for the RRB headquarters building.	600,000
▪ <u>Building security.</u> Funding is required for guard service for the RRB headquarters building.	<u>488,000</u>
Agency total	<u>8,811,889</u>

^{a/} Contractual services provided by Federal Government agencies comprise \$2,022,800 of the agency program total of \$8,811,889.

BUDGET AUTHORITY BY FUND

	Fiscal year 2008 actual amounts	Fiscal year 2009 estimated	Fiscal year 2010 estimated	Change, FY 2009 to FY 2010
<u>Railroad Retirement Program</u>				
<u>Direct Program:</u>				
Railroad Retirement Account	\$ 57,983,282	\$ 59,540,313	\$ 62,245,715	\$2,705,402
Social Security Equivalent Benefit Account	<u>29,475,900</u>	<u>31,006,000</u>	<u>31,400,000</u>	<u>394,000</u>
Total, direct railroad retirement program obligations	\$87,459,182	\$90,546,313	\$93,645,715	\$3,099,402
<u>Railroad Unemployment and Sickness Insurance Program</u>				
<u>Direct Program:</u>				
Railroad Unemployment Insurance Administration Fund	<u>\$14,408,110</u>	<u>\$14,916,687</u>	<u>\$15,427,285</u>	<u>\$510,598</u>
Total, direct railroad retirement, unemployment and sickness insurance obligations	\$101,867,292	\$105,463,000	\$109,073,000	\$3,610,000
Unobligated balance	<u>15,174</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total, direct railroad retirement, unemployment and sickness insurance budget authority	<u>\$101,882,466</u> a/	<u>\$105,463,000</u>	<u>\$109,073,000</u>	<u>\$3,610,000</u>

a/ 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>Fiscal year 2008 actual</u>	<u>Fiscal year 2009 estimate</u>	<u>Fiscal year 2010 estimate</u>
<u>Financing</u>			
Total, direct program obligations	\$101,867,292	\$ 105,463,000	\$109,073,000
Unobligated balance	<u>15,174</u>	<u>---</u>	<u>---</u>
Limitation	<u>\$101,882,466</u>	<u>\$ 105,463,000</u>	<u>\$109,073,000</u>

Relation of direct program obligations to outlays

Obligations incurred, net	\$101,867,292	\$105,463,000	\$109,073,000
Obligated balance, start of year	0	7,305,902	7,305,902
Obligated balance, end of year	<u>(7,305,902)</u>	<u>(7,305,902)</u>	<u>(7,305,902)</u>
Outlays from limitation	<u>\$94,561,390</u>	<u>\$ 105,463,000</u>	<u>\$109,073,000</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

	<u>Fiscal year 2008 actual</u>	<u>Fiscal year 2009 estimate</u>	<u>Fiscal year 2010 estimate</u>
<u>Direct program sources</u>			
Available from benefit trust funds by Congressional appropriation	<u>\$101,882,466</u>	<u>\$105,463,000</u>	<u>\$109,073,000</u>
<u>Direct program uses</u>			
Administrative expenses	\$101,867,292	\$105,463,000	\$109,073,000
Unobligated balance	<u>15,174</u>	<u>---</u>	<u>---</u>
Total uses:	<u>\$101,882,466</u>	<u>\$105,463,000</u>	<u>\$109,073,000</u>

LIMITATION ON ADMINISTRATION

Amounts Available for Obligation

	<u>Fiscal year 2008 actual</u>	<u>Fiscal year 2009 estimate</u>	<u>Fiscal year 2010 estimate</u>
Appropriation	\$103,694,000	\$105,463,000	\$109,073,000
Less:			
Amount rescinded in accordance with Public Law 110-161	1,811,534	0	0
Unobligated balance	<u>15,174</u>	<u>0</u>	<u>0</u>
Total direct obligations <u>a/</u>	<u><u>\$101,867,292</u></u>	<u><u>\$105,463,000</u></u>	<u><u>\$109,073,000</u></u>

a/ The RRB also received reimbursements totaling \$9.1 million in fiscal year 2008, and expects to receive \$9.5 million in both fiscal years 2009 and 2010 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>
2001	\$ 92,500,000	\$ 95,000,000	\$ 92,500,000	\$ 95,000,000 <u>a/</u>
2002	\$ 97,700,000	\$ 97,700,000	\$ 97,700,000	\$ 97,627,500 <u>b/</u>
2003	\$ 97,720,000	\$100,000,000	\$ 97,720,000	\$ 99,350,000 <u>c/</u>
2004	\$ 99,820,000	\$101,300,000	\$ 99,350,000	\$100,702,330 <u>d/</u>
2005	\$102,600,000	\$102,202,000	\$102,600,000	\$102,543,040 <u>e/</u>
2006	\$102,543,040	\$102,543,000	\$102,543,000	\$101,517,570 <u>f/</u>
2007	\$103,517,570	\$103,518,000	\$103,518,000	\$103,693,878 <u>g/</u>
2008	\$103,517,570	\$103,694,000	\$103,694,000	\$101,882,466 <u>h/</u>
2009	\$105,463,000	\$105,463,000	\$105,463,000	\$105,463,000 <u>i/</u>
2010	\$109,073,000			

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

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

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

d/ 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).

e/ 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).

f/ 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.

g/ 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.

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

i/ Amount reflects funding made available by the Omnibus Appropriations Act, 2009 (P.L. 111-8).

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
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	562,347	36,909	9,176	6,010	99,525	7,191,744	5,686
2009 (est)	555,600	38,000	9,000	6,000	99,000	7,100,000	6,000
2010 (est)	549,800	37,000	9,000	6,000	98,000	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 and 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 for annuity increases resulting from changes in retirement service and earnings credits reported by railroad employers over a period of several years.

Railroad Unemployment/Sickness Insurance Program
Summary Processing Workload Table

Fiscal years	Railroad employment ^{1/}	Unemployment insurance			Sickness insurance		
		Applications	Claims	Payments	Applications	Claims	Payments
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	237,000	13,002	71,156	58,385	22,996	148,607	127,372
2008	234,000 (est)	13,483	79,016	65,388	21,932	140,788	120,498
2009 (est)	227,000	21,000	132,000 ^{2/}	109,000	22,000	139,000	119,000
2010 (est)	222,000	19,000	122,000 ^{2/}	101,000	22,000	136,000	116,000

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

^{2/} Reflects revised estimates, dated April 27, 2009.

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PERFORMANCE BUDGET



Fiscal Year 2010

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.

Overall Timeliness Performance Fiscal Year 2008	
• 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.

Railroad Retirement Board FY 2010 Final Performance Budget		2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
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:	99.62%	99.91%	99.82%	99.75%	99.75%	99.75%
	Sample post recurring payments:	99.89%	99.94%	100%	99.97%	99.80%	Deferred ^{3/}
I-A-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{2/} of at least 99%. (Measure: % accuracy rate.)	Unemployment:	98.73%	99.08%	99.64%	99.71%	99.25%	99.40%
	Sickness:	99.94%	99.78%	100%	99.89%	99.80%	99.80%
I-A-3. Achieve a railroad retirement case accuracy rate ^{2/} of at least 94%. (Measure: % of case accuracy)	Initial cases:	95.5%	94.5%	94.9%	96.1%	94.0%	94.0%
	Post cases:	95.8%	96.3%	98.7%	96.8%	96.0%	Deferred ^{3/}
I-A-4. Achieve a railroad unemployment/sickness insurance case accuracy rate ^{2/} of at least 98%. (Measure: % of case accuracy)	Unemployment:	98.01%	97.5%	98.01%	98.55%	97.5%	97.5%
	Sickness:	99.51%	99.03%	100%	99.03%	99.0%	99.0%

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
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: % ≤ 30 adjudicative processing days ^{4/5/})	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: % ≤ 30 adjudicative processing days ^{4/})				92.4%	92.75%	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: % ≤ 60 adjudicative processing days ^{4/5/})	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: % ≤ 60 adjudicative processing days ^{4/})				96.1%	96.8%	96.8%

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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: % ≤ 60 processing days ^{5/})	92.8% ^{6/}	93.2%	93.3%			
<i>Revised goal for 2008 and later ^{7/}</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 or date filed (whichever is later). (Measure: % ≤ 60 days)				92.9%	94.0%	93.0%
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 ^{5/})	94.6%	95.7%	94.8%			
<i>Revised goal for 2008 and later ^{7/}</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 RRB's receipt of first notice of the employee's death. (Measure: % ≤ 30 days)				95.1%	95.1%	95.1%

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
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 ^{5/})	96.9%	97.5%	97.5%			
<i>Revised goal for 2008 and later ^{2/}</i>						
I-A-9. RRB makes a decision to pay or deny a lump sum death benefit within 60 days of the date the application was filed. (Measure: % ≤ 60 days)				97.0%	97.25%	97.0%
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 ^{5/})	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 days)				99.5%	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 ^{5/})	99.6%	99.5%	99.2%			

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<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)				99.2%	99.25%	99.2%
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 ^{5/})	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%	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 ^{5/})	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)				70.4%	70.0%	70.0%

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I-A-14. Disabled applicant receives payment within 25 days of decision or earliest payment date (whichever is later). (Measure: % ≤ 20 processing days ^{5/ 8/})		94.4%	95.2%	95.3%	94.8%		
<i>Revised goal for 2009 and later</i>							
I-A-14. The RRB makes a payment to a disabled applicant within 25 days of the date of decision or earliest payment date, whichever is later. (Measure: % ≤ 25 days ^{8/})						95.0%	94.5%
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)		207	206	159	180	190	190
<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 through fiscal year 2009: surveys and reviews; number of valid challenges to published data)	American Customer Satisfaction Index (ACSI) surveys:	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	
	(Revised measure for fiscal year 2010 and later: number of valid challenges to published data)	Challenges to published data:	No 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 2009

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
<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)	14 services available	16 services available	16 services available	17 services available	18 services available	19 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 through fiscal year 2009: % of service and compensation records posted by April 15)	99.7%	99.6%	99.81%	67.5%	90.0% ^{2/}	
(Revised measure for fiscal year 2010 and later: % of service and compensation records posted by May 1)						94.0%
I-D-2. Improve accuracy in posting service and compensation data to agency records. (Measure: % of service and compensation records posted accurately)	99.0%	99.9%	99.5%	96.3%	95.0% ^{2/}	97.0%
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)	98.0%	97.8%	98.2%	98.7%	98.0%	98.0%

Railroad Retirement Board FY 2010 Final Performance Budget		2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
I-D-4. Enable employers to use the Internet to conduct business with RRB, in support of the Government Paperwork Elimination Act. (Measures: % of employers who use the on-line reporting process (Employer Reporting System - ERS); and # of services available through electronic media)	Employers using ERS:	55.0%	58.0%	62.0%	69.0%	73.0%	76.0%
	Internet services:	4 Internet services available	6 Internet services available	7 Internet services available	8 Internet services available	18 Internet services available	17 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)		66%	62%	59%	58%	55%	55%
II-A-2. Release quarterly and annual notices accurately and timely to employers regarding their experience rating based contributions. (Measure: Yes/No)		Yes	Yes	Yes	Yes	Yes	Yes

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
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 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 2/26/08	100% of the 2006 reconciliations by 1/27/09 (Actual)	100% of the 2007 reconciliations by 2/28/10
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 tax funds. (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 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. The 2008 P&AR was released on 11/17/08. (Actual)	Yes
II-A-6. Take prompt corrective action on audit recommendations. (Measure: % of audit recommendations implemented by target date)	90.3% ^{10/}	97.2%	93.2%	91.1%	95.0%	91.0%

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
<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)	\$5.11 : \$1.00	\$5.36 : \$1.00	\$5.48 : \$1.00	\$5.76 : \$1.00	\$5.36 : \$1.00	\$5.48 : \$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: <ul style="list-style-type: none"> • Number of position types (descriptions) for which core competencies have been defined • Number of employees whose skills have been assessed • Number of employees involved with skills-enhancement programs) 	6 positions 73 employees 31 employees					
(Measure for 2006 and later: structured succession planning activities are continuing. Yes/No)		Yes	Yes	Yes	Yes	Yes

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
<p>II-C-2. Annually assess/update all computer security, disaster recovery, and business resumption plans for the agency. (Measure: Yes/No)</p>	<p>Yes. The agency 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 at the end of the fiscal year.</p>	<p>RRB met its performance goal for fiscal year 2007. RRB certified and accredited one general support system. The agency also hired an information availability analyst and completed a training test and exercise of the Continuity of Operations Plan.</p>	<p>Yes. With contractor assistance, the certification and accreditation of the Mainframe General Support System and 5 of 6 major applications were completed. The 6th was in progress at the end of the fiscal year. An assessment of agency-wide common controls was performed. Contingency planning was tested and disaster recovery training was conducted off-site.</p>	<p>Yes. All systems will be certified and accredited. Self-assessments will be performed on selected control 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>	<p>Yes. The LAN/PC general support system will require a complete certification and accreditation. The other RRB systems will be in the post-accreditation phase and undergoing continuous control monitoring. Disaster recovery testing will be conducted at an alternate IT recovery site.</p>

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
II-C-3. Develop and implement new procedures for responding to and reporting computer security incidents. (Measure: Yes/No)	Yes. The Intrusion Detection System (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 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.	Yes. Components of the Core Intrusion Detection/Prevention System were updated to improve the stability and uptime of back-end processes. Tuning of network access control was completed. A Vulnerability Remediation Task Force was formed to improve the RRB's security incident response capability.		
<i>Revised goal for 2009 and later</i>					Yes	Yes
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)						

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
<p>II-C-4. Assess computer security training requirements and implement an ongoing training program for agency staff. (Measure: Yes/No)</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 received 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 second 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>Yes. The annual RRB computer security awareness program was launched in March 2008. As of 7/02/08, the OPM GoLearn.gov role-based security training program was completed. Specialized technical education was approved for all training designated as critical or vital for achieving performance goals.</p>	<p>Yes. 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>	<p>Yes</p>

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
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)	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 was 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. Meet government percentage goal for use of performance-based contracting techniques for eligible service contract funds. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
II-C-8. 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)	Yes	Yes	Yes	Yes	Yes	Yes

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
II-C-9. Complete migration from the agency's previous 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)	New indicator for fiscal year 2007	New indicator for fiscal year 2007	Yes. The IDMS/DB2 database conversion was successfully completed as of 8/18/07.			
II-C-10. 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)	New indicator for fiscal year 2007	New indicator for fiscal year 2007	Yes. RRB contracted for this effort.	Yes	Yes. The project was completed by the revised target date of 2/28/09. (Actual)	
II-C-11. Complete modernization of RRB processing systems in accordance with long-range planning goals. (Measure: Meet target dates for the project. Yes/No)	New indicator for fiscal year 2009	New indicator for fiscal year 2009	New indicator for fiscal year 2009	New indicator for fiscal year 2009	The project is in the analysis and planning phase, and is on schedule as anticipated.	Yes. The initial analysis and planning phase will be completed and project work will begin.
II-C-12. Complete 16 corrective actions to correct the RRB's material weakness related to information security. (Measure: Meet target dates for the project. Yes/No)				Three corrective actions were completed.	All corrective actions will be completed.	

Railroad Retirement Board FY 2010 Final Performance Budget	2005 Actual ^{1/} (At \$102.5m)	2006 Actual ^{1/} (At \$101.5m)	2007 Actual ^{1/} (At \$103.7m)	2008 Actual ^{1/} (At \$101.9m)	2009 President's Proposed (At \$105.5m)	2010 Guidance Level (At \$109.1m)
<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. Actual results for 2008 represent status as of September 30, 2008.

^{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/} The quality review of post recurring payments is being deferred in fiscal year 2010 because the accuracy rates have historically been very high, and the findings minimal. The return on measuring this area every year has diminished over time. The quality review will be deferred until processing or staffing changes warrant reviewing this area again.

^{4/} 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.

^{5/} Measure does not include the time for customer receipt (from the Department of the Treasury or United States Postal Service).

^{6/} 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.

- 7/ This objective has been restated as of April 2009, to more accurately describe how timeliness is measured. For objective I-A-9, the term “railroad retirement death benefit” has been changed to “lump sum death benefit” to correspond with references to this benefit in the RRB’s regulations.
- 8/ This indicator includes both employee and survivor disability payments. The employee payments are impacted by the system limitations identified in footnote 4 above. When the system limitations for employee cases are corrected, this inconsistency will be eliminated.
- 9/ The target for fiscal year 2009 has been adjusted from the level shown in the RRB’s Final Annual Performance Budget for Fiscal Year 2009, which was released in February 2008. Actual performance fell below the target in fiscal year 2008 due to significant changes in annual reporting formats required of the rail employers and corresponding internal processing changes. As a result, the fiscal year 2009 target has been adjusted to reflect more realistic expectations based on this year’s experience. The fiscal year 2010 performance goal increases as the new processes continue to improve.
- 10/ 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, [\$72,000,000] \$64,000,000, which shall include amounts becoming available in fiscal year [2009] 2010 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, 2009.*)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
<p>For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, [\$72,000,000] <i>\$64,000,000</i>, which shall include amounts becoming available in fiscal year [2009] <i>2010</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 \$64,000,000 to the Dual Benefits Payments Account for payment of vested dual benefits. Of the \$64,000,000, it is estimated that \$3 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 \$1,280,000 ($\\$64,000,000 \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

Legislation	2009		2010	
	Authorized	Current estimate	Authorized	Appropriation request
Railroad Retirement Act of 1974 as amended: Sections 15(d)(1), 7(c)(1), and 15(i)(2)				
Dual Benefits Payments	Indefinite	\$72,000,000	Indefinite	\$64,000,000

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>
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>b/</u>
2004	119,000,000	119,000,000	119,000,000	118,298,000 <u>c/</u>
2005	108,000,000	108,000,000	108,000,000	107,136,000 <u>d/</u>
2006	97,000,000	97,000,000	97,000,000	96,030,000 <u>e/</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>f/</u>
2009	72,000,000	72,000,000	72,000,000	72,000,000
2010	64,000,000			

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 P.L. 108-7, after the rescission of \$858,000.

c/ 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.

d/ 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.

e/ 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.

f/ 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>a/</u></u>
General revenue	\$64,000,000
[Of the \$64,000,000 to be funded from general revenue, \$3,000,000 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

	<u>Fiscal year 2008 actual</u>	<u>Fiscal year 2009 estimate</u>	<u>Fiscal year 2010 estimate</u>
Appropriation, excluding 2% contingency reserve (general funds of the Treasury)	\$79,000,000	\$72,000,000	\$64,000,000
Less:			
Amount rescinded from the appropriation (excluding contingency reserve) in accordance with Public Law 110-161	<u>1,380,130</u>		
Subtotal, adjusted appropriation	\$77,619,870	\$72,000,000	\$64,000,000
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>3,000</u> a/	<u>3,000</u> a/	<u>3,000</u> a/
Subtotal:	\$79,003,000	\$72,003,000	\$64,003,000
Less:			
Unobligated balance	<u>\$1,342,384</u>	<u>0</u>	<u>0</u>
Total obligations (payments to beneficiaries)	<u>\$77,660,616</u>	<u>\$72,003,000</u>	<u>\$64,003,000</u>

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

Explanation of 2010 Request

This is the 35th 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 2009, the Omnibus Appropriations Act, 2009 (P.L. 111-8) provided an appropriation of \$72,000,000 to fund vested dual benefit payments.

The fiscal year 2010 appropriation language provides for 12 monthly payments to this account from general revenues and specifies that \$64,000,000 be appropriated for benefits. In addition, the proposed language provides that an additional amount not to exceed 2 percent of the \$64,000,000 appropriated -- or up to \$1,280,000 -- 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, [2010] *2011*, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.*)

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, [2010] <i>2011</i>, 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	2009		2010	
	Authorized	Current estimate	Authorized	Appropriation request
Railroad Retirement Solvency Act of 1983, Section 417	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>
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
2009	150,000	150,000	150,000	150,000 <u>a/</u>
2010	150,000			

a/ This amount reflects the level of funding provided by the Omnibus Appropriations Act, 2009 (P.L. 111-8)

Note: Amounts appropriated are available for 2 years.

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

Amounts Available for Obligation

	<u>Fiscal year</u> <u>2008 actual</u>	<u>Fiscal year</u> <u>2009 estimate</u>	<u>Fiscal year</u> <u>2010 estimate</u>
Appropriation	\$150,000	\$150,000	\$150,000
Plus:			
Unobligated balance, start of year	<u>150,000 a/</u>	<u>150,000 a/</u>	<u>150,000 a/</u>
Subtotal:	\$300,000	\$300,000	\$300,000
Less:			
Unobligated balance, end of year	<u>226,427</u>	<u>194,000</u>	<u>194,000</u>
Total obligations	<u>\$ 73,573</u>	<u>\$106,000</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 2010 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 2010 provides that funds would be available for 2 years, through September 30, 2011.

Information Technology Strategy and Benefits Fiscal Year 2010

The Railroad Retirement Board is actively pursuing further automation and modernization of its various claims processing systems in accordance with the principles identified in the agency's Enterprise Architecture. 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 capital initiatives for fiscal year 2010 are described below. Additional information concerning each capital element is provided on pages 71 through 76.

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 2010 include:

- ***Infrastructure Replacement*** (\$250,000)
This item provides funding for the continued upgrading and scheduled replacement of the agency's IT infrastructure equipment and related software. The upgrades and replacements follow the RRB's *IT Equipment Replacement Policy* for modernizing and securing the agency's computer operations.
- ***FFS Conversion Study*** (\$200,000)
This capital item represents the resources needed to fund a study to convert the legacy Federal Financial System (FFS) to a new certified system, either in-house or at a Center of Excellence designated by the Office of Management and Budget. The study will determine the most cost effective approach for the RRB in view of the condition and status of the current system and establish a time frame for future migration.

Application Design Services -- Initiatives in this category are required to provide electronic services to the public, as mandated by the Government Paperwork Elimination Act of 1998, and other Federal directives/mandates. They are also needed to achieve our strategic objective of providing our customers with more flexible service delivery options.

- ***E-Government*** (\$250,000)
In 2010, we will continue to use contactor assistance to augment work on the Employer Reporting System (ERS). The focus will be on providing additional automated notifications to employers. We also plan to develop an automated referral process in ERS to notify the employers of errors or the need for additional information and provide a means for correcting the data.

Information Technology Strategy and Benefits Fiscal Year 2010

- *Systems Modernization* (\$336,287)
Building on the DB2 Data Optimization project, the next step is systems modernization. The data optimization process pointed out opportunities to modernize our systems, many of which are old and complex and require a large investment in maintenance. In fiscal year 2010, with contractor assistance, we will continue modernizing high value/high risk applications using knowledge gained from the system redesign efforts started in fiscal year 2009.

Risk Management Services -- 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.

- *Information Security and Privacy* (\$375,000)
The main projects for fiscal year 2010 focus on certification and accreditation of agency systems; automation of Federal Information Security Management Act (FISMA) evaluation and reporting processes; providing specialized training related to security and privacy; and implementing specialized hardware and software to ensure that agency information is kept secure and private.
- *Continuity of Operations* (\$240,000)
Federal Emergency Management Agency and Homeland Security Department directives require agencies to create and maintain a Continuity of Operations (COOP) plan. The COOP plan ensures that the agency can carry on all essential functions in case of a natural or man-made disruption or disaster. The focus for fiscal year 2010 will be on availability of data in an emergency through remote disk backup (data replication or data mirroring) to the agency's secondary backup center for critical information that needs to be continuously available. Other projects may also be included as a part of this capital item.

**Information Technology Strategy and Benefits
Fiscal Year 2010**

Technology Infrastructure and Administrative Support

Capital Element: **Infrastructure Replacement**

Fiscal Year 2010 Cost: **\$250,000**

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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**Information Technology Strategy and Benefits
Fiscal Year 2010**

Technology Infrastructure and Administrative Support

Capital Element: **FFS Conversion Study**

Fiscal Year 2010 Cost: **\$200,000**

This capital element represents resources needed to fund a study to convert the legacy Federal Financial System (FFS) to a new certified system, either in-house or at a Center of Excellence designated by the Office of Management and Budget. New releases of the FFS software were discontinued in fiscal year 2003, an indication that the product is reaching the end of its life cycle. While FFS continues to meet the financial processing and reporting requirements of the RRB, the agency must have an up-to-date and reliable financial management system in the future. Thus, in fiscal year 2010, we plan to perform an analysis of how best to convert the system and to identify the requirements and related costs prior to the time it becomes prudent to migrate.

Pending completion of this initiative, RRB staff will continue to monitor the status of the RRB's FFS software to ensure that it meets agency needs. They will also monitor how the Centers of Excellence are doing in terms of the cost, effort, and experience of agencies undergoing the migration process.

**Information Technology Strategy and Benefits
Fiscal Year 2010**

Application Design Services

Capital Element: **E-Government**

Fiscal Year 2010 Cost: **\$250,000**

The RRB's long-term IT strategy calls for expanded use of the Internet for 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. 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:

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

**Information Technology Strategy and Benefits
Fiscal Year 2010**

Application Design Services

Capital Element: **Systems Modernization**

Fiscal Year 2010 Cost: **\$336,287**

In fiscal year 2009, the RRB 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 further modernization efforts.

This item provides fiscal year 2010 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 began during fiscal year 2009. RRB and contractor staff will perform the work.

Information Technology Strategy and Benefits Fiscal Year 2010

Risk Management Services

Capital Element: **Information Security and Privacy**

Fiscal Year 2010 Cost: **\$375,000**

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.
- Provide 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 2010

Risk Management Services

Capital Element: **Continuity of Operations Improvements**

Fiscal Year 2010 Cost: **\$240,000**

Federal Emergency Management Agency and Homeland Security Department directives (Federal Continuity Directives 1 and 2) require Federal agencies to create and maintain a Continuity of Operations (COOP) plan. The COOP plan ensures that the agency can carry on all essential functions in case of a natural or man-made disruption or disaster.

Information technology plays a key role in the continuation of the agency's operations by assisting in the quick recovery of critical and essential government operations during any major disruption. For example, short-term disruption such as a power outage or failure can be quickly resolved by employing a backup capability for systems, personnel, processes and other needs. It can also be longer term, such as in the case of a major weather event or earthquake where services are impacted for several days or, in some cases, weeks. For this long-term disruption of services, the agency may require the ability to relocate and operate at an alternative facility. Investments in this capital item will ensure that the agency would be able to respond quickly with minimal interruption to services and resume normal operations no matter what the emergency or disruption.

The focus for fiscal year 2010 will be on ensuring the availability of data in an emergency. Accordingly, the major initiative for this capital item is as follows.

Remote disk backup – The agency has many mission and time-critical applications that require immediate data restoration in the event of a man-made or natural disruption or disaster. This initiative will provide disk backup (data replication or data mirroring) to the agency's secondary backup center for critical information that needs to be continuously available. In addition to the backup of data, the capability of data availability and restoration via the use of this application will assist in a speedier return to normal operations as well as provide for secure storage.

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment

Series	Rank	FY 2008 actual	FY 2009 estimate	FY 2010 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	31	30	30
	GS/GM-14	50	52	49
	GS/GM-13	106	105	104
	GS-12	218	212	214
	GS-11	106	104	107
	GS-10	108	105	105
	GS-9	155	161	168
	GS-8	34	32	33
	GS-7	41	36	53
	GS-6	16	17	17
	GS-5	19	33	19
	GS-4	10	10	8
	GS-3	2	2	2
	GS-2	0	0	0
Wage Board	All Levels	0	0	0
Combined	Total	907	910	920

Positions in the Office of Inspector General are excluded. Amounts shown for 2008 represent FTEs being utilized as of the last full pay period in the fiscal year, not the total FTEs used in 2008.

AVERAGE ES AND GS/GM SALARIES AND BENEFITS
AND GS/GM GRADES

	FY 2008 actual	FY 2009 estimate	FY 2010 estimate
Average ES salary	\$167,909	\$173,967	\$177,446
Average ES benefits	39,497	41,286	43,474
Subtotal, ES	\$207,406	\$215,253	\$220,920
Average GS/GM salary	\$70,496	\$71,425	\$73,824
Average GS/GM benefits	16,583	16,951	18,112
Subtotal, GS/GM	\$87,079	\$88,376	\$91,936
Average GS/GM grade	10.5	10.5	10.5

Railroad Retirement Board
Employee Relocation Expenses

	Past year FY 2008	Current year FY 2009	Budget year FY 2010
Total	\$451,484	\$293,180	\$265,580

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