



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

BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN
WALTER A. BARROWS, LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable Jeffrey D. Zients
Acting Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Dear Mr. Zients:

Enclosed is our budget request for fiscal year 2014. We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

In compliance with guidance in OMB Memorandum M-12-13, dated May 18, 2012, our fiscal year 2014 budget submission includes a reduced budget level and a guidance level. The reduced budget level represents a 5 percent cut from the net fiscal year 2014 budget authority projected for the U. S. Railroad Retirement Board (RRB) in the President's Budget for fiscal year 2013. The guidance level reflects funding at the same level as projected for fiscal year 2014, and includes a prioritized list of "addback" requests for high priority needs which could not be funded at the lower level. We have also included a third budget level, the agency request, which represents the amount that we consider necessary to maintain the RRB's current level of service to the public and continue with additional information technology (IT) investments needed to maintain and modernize the agency's benefit payment processing operations.

The reduced level of the budget totals \$108.3 million and provides minimal funding for 860 full-time equivalent staff (FTEs) – 25 FTEs less than our requested staffing. Budget projections show that the agency could reach this level

UNITED STATES RAILROAD RETIREMENT BOARD

without a reduction-in-force by relying on attrition. However, succession planning and information technology (IT) would be seriously impacted. At this budget level, funding for IT investments would be reduced to a total of \$500,000, which would be available for only the highest priority needs at the time.

The guidance level budget totals \$114 million, and provides sufficient funding for 864 FTEs. This level includes a prioritized list of eight addback requests totaling \$5.7 million, for key initiatives to improve the efficiency of RRB operations and safeguard the agency's processing systems. These requests include the following:

- (1) Complete development of the System Processing Excess Earnings Data (\$2.1 million),
- (2) Modernize the Employer Collection and Contribution System (\$400,000),
- (3) Digitize the Legal Opinions of the General Counsel (\$1 million),
- (4) Modernize the agency's storage area network (\$500,000),
- (5) Replace the mainframe computer (\$1 million),
- (6) Review our modular accounts receivable system interface with legacy systems (\$250,000),
- (7) Provide for leadership/management development training (\$189,500), and
- (8) Continue development of our Employer Reporting System (\$260,500).

At the guidance level, the RRB would have about \$5.5 million available for IT investments.

The agency request level of our budget totals nearly \$119.2 million and provides a standard level of funding for 885 FTEs. This level of staffing, which is the same as we have budgeted for fiscal year 2013, would enable the RRB to continue our succession planning efforts to replace experienced staff members who are planning to retire in the next two years. This budget level would also provide an additional \$1.8 million for important IT efforts, including: system improvements to provide for faster resumption of operations in the event of a disaster; development of an electronic records and content management system; improved tools to safeguard personally identifiable information and protect our processing systems against intrusion; and specialized services to support our IT staff as needed.

In addition to requests for administrative expenses, this budget submission includes our best actuarial estimate of the expected fiscal year 2014 costs of vested dual benefits, \$39 million, with a 2 percent reserve of \$780,000. The RRB also requests \$604,906,307 for applicable military service credits through December 2010, with interest through September 4, 2012.

UNITED STATES RAILROAD RETIREMENT BOARD

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

As required by Section 1108(c) of Title 31, United States Code, we certify that all statements of obligations furnished to OMB in connection with our requests for proposed appropriations for fiscal year 2012 consist of valid obligations as defined in Section 1501(a) of that title.

Sincerely,

Original Signed
Michael S. Schwartz, Chairman
Walter A. Barrows, Labor Member
Jerome F. Kever, Management Member

September 13, 2012

Enclosure



UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
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BOARD MEMBERS:

MICHAEL S. SCHWARTZ, CHAIRMAN
WALTER A. BARROWS, LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

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

Dear Mr. President:

We submitted the enclosed budget request for fiscal year 2014 to the Office of Management and Budget (OMB). We are also submitting our request concurrently to the Congress in accordance with Section 7(f) of the Railroad Retirement Act. Resources for the Office of Inspector General are not addressed in this submission. That office will submit a separate request concerning its needs.

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Jerome F. Kever, Management Member

September 13, 2012

Enclosure

cc: Honorable Daniel K. Inouye
Chairman, Senate Committee on Appropriations

Honorable Thad Cochran
Vice Chairman, Senate Committee on Appropriations

Honorable Tom Harkin
Chairman, Senate Subcommittee on Labor, Health
and Human Services, Education, and Related Agencies



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JEROME F. KEVER, MANAGEMENT MEMBER

The Honorable John A. Boehner
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

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Original Signed
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Walter A. Barrows, Labor Member
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September 13, 2012

Enclosure

cc: Honorable Hal Rogers
Chairman, House Committee on Appropriations

Honorable Norm Dicks
Vice Chairman, House Committee on Appropriations

Honorable Denny Rehberg
Chairman, House Subcommittee on Labor, Health
and Human Services, Education and Related Agencies

**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2014 BUDGET SUBMISSION**

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**RAILROAD RETIREMENT BOARD
FISCAL YEAR 2014 BUDGET SUBMISSION**

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RAILROAD RETIREMENT BOARD

Social Security Equivalent Benefit Account **Budget Account - 60-8010-0-7-601**

The Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to establish a Social Security Equivalent Benefit (SSEB) Account beginning October 1, 1984. The SSEB Account, which is separate from other railroad retirement accounts, is used to record revenues and expenditures related to social security equivalent portions (similar to "tier I" amounts) of railroad retirement annuities. Accordingly, funds in the SSEB Account are used to pay social security equivalent benefits and related administrative expenses. A social security equivalent benefit is the portion of a railroad retirement annuity that corresponds to an amount calculated under social security formulas, but is based on combined railroad retirement and social security credits.

The following amounts are included as revenue to the SSEB Account:

- (1) payroll taxes,
- (2) income taxes attributable to taxation of the social security portion of railroad retirement annuities,
- (3) financial interchange transfers from the social security trust funds provided by Section 7(c) of the Railroad Retirement Act,
- (4) interest on uncashed checks, and
- (5) return on investments.

In addition, for calendar year 2012, the SSEB Account also receives transfers from the general fund of the Treasury due to the temporary payroll tax reduction provisions of the Middle Class Tax Relief and Job Creation Act of 2012.

In a relatively small number of cases, the railroad retirement system does not pay benefits when social security would pay benefits. In these cases, mainly dependent children of retired railroad employees, the SSEB Account collects an amount through the financial interchange but does not pay a corresponding benefit. This imbalance between outgo and income is relatively small in any particular year. Section 15A(d)(2) of the Railroad Retirement Act, as amended, provides that amounts in the SSEB Account not needed for payment of current benefits and administrative expenses will be transferred to the National Railroad Retirement Investment Trust or the Railroad Retirement Account.

Requested appropriation

The table on pages 2 and 3 identifies the estimated budget authority and outlays for this account for fiscal years 2012 through 2022, based on the Office of Management and Budget's (OMB) June 2012 mid-session economic assumptions. The estimates reflect current law.

RAILROAD RETIREMENT BOARD

Social Security Equivalent Benefit Account
(Budget Account - 60-8010-0-7-601)

Analysis of Resources
(in thousands of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>		
			<u>Current</u>		
			<u>Services</u>		
Budget authority.....	6,657,000	6,871,000	7,090,000		
Outlays.....	6,642,000	6,837,000	7,060,000		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Budget authority:					
Current services.....	7,307,000	7,521,000	7,749,000	7,975,000	8,180,000
Outlays:					
Current services.....	7,283,000	7,500,000	7,719,000	7,958,000	8,162,000

Note: In March 2012, the RRB paid social security equivalent benefits to 456,000 beneficiaries. The RRB estimates that in March 2013 and 2014, the agency will pay these benefits to 454,000 and 451,000 beneficiaries, respectively.

RAILROAD RETIREMENT BOARD

Social Security Equivalent Benefit Account
(Budget Account - 60-8010-0-7-601)

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Budget authority:			
Current services.....	8,377,000	8,552,000	8,714,000
Outlays:			
Current services.....	8,362,000	8,539,000	8,702,000

RAILROAD RETIREMENT BOARD

Railroad Retirement Account **Budget Account - 60-8011-0-7-601**

Under the Railroad Retirement Act, the RRB pays retirement and disability annuities to qualified railroad workers. Supplemental annuities are payable to career railroad employees with service before October 1981. Annuities are also payable to spouses and divorced spouses of retired workers and to widows, widowers, children, and certain other survivors of deceased railroad workers. There are also provisions for lump-sum benefits. Qualified railroad retirement beneficiaries are also covered by Medicare in the same way as social security beneficiaries.

The Railroad Retirement Account funds the above-described benefits in excess of social security benefits. Funding is primarily from payroll taxes on railroad employers and employees, earnings on trust fund investments and income taxes attributable to these benefits.

The Railroad Retirement and Survivors' Improvement Act of 2001 (P.L. 107-90) made a number of major changes to the Railroad Retirement Act. In addition to other provisions, P.L. 107-90 provides for the transfer of railroad retirement funds from the Railroad Retirement Account to the National Railroad Retirement Investment Trust (NRRIT), whose Board of Trustees is empowered to invest NRRIT-held assets in non-governmental assets, such as equities and debt, as well as in governmental securities. NRRIT is not treated as an agency or instrumentality of the Federal Government.

P.L. 107-90 also repealed the railroad retirement supplemental annuity tax paid by rail 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 through the Railroad Retirement Account.

Requested appropriation

The table on pages 5 and 6 identifies estimated budget authority and outlays for this account for fiscal years 2012 through 2022. The estimates are based on OMB's June 2012 mid-session economic assumptions and reflect current law.

RAILROAD RETIREMENT BOARD

Railroad Retirement Account
(Budget Account - 60-8011-0-7-601)

Analysis of Resources
(in thousands of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>		
Budget authority.....	4,792,000	4,948,000	5,098,000	<u>Current</u>	
				<u>services</u>	
Outlays.....	4,781,000	4,935,000	5,084,000		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Budget authority:					
Current services.....	5,246,000	5,379,000	5,495,000	5,597,000	5,679,000
Outlays:					
Current services.....	5,233,000	5,367,000	5,484,000	5,586,000	5,670,000

Notes: The RRB paid tier II benefits to 518,000 beneficiaries in March 2012. The agency expects to pay these benefits to 515,000 beneficiaries in March 2013 and 512,000 beneficiaries in March 2014. The RRB also paid supplemental annuities to 122,000 beneficiaries in March 2012. The agency expects to pay supplemental annuities to 122,000 beneficiaries in March 2013 and 123,000 beneficiaries in March 2014.

Budget authority and outlay amounts include tier II benefits, the non-social security equivalent portion of tier I benefits, and supplemental annuities.

RAILROAD RETIREMENT BOARD

Railroad Retirement Account
(Budget Account - 60-8011-0-7-601)

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Budget authority:			
Current services.....	5,746,000	5,801,000	5,841,000
Outlays:			
Current services.....	5,736,000	5,792,000	5,832,000

RAILROAD RETIREMENT BOARD

Federal Payments to the Railroad Retirement Accounts **Budget Account - 60-0113-0-1-601**

This account was established in conjunction with the implementation of the Railroad Retirement Solvency Act of 1983. It facilitates the administration of the Railroad Retirement Act by maintaining accurate accounting of, and control over, various financial transactions involving the railroad retirement trust funds. This account acts as a conduit for various financial transactions, such as interfund transfers and fund transfers from the Department of the Treasury (Treasury).

Interest on uncashed checks

Section 417 of the Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to provide for the reimbursement of principal and interest for unnegotiated railroad retirement benefit checks to the extent that such reimbursements are provided for in advance in appropriation acts. Beginning in fiscal year 1991, the principal amount of uncashed railroad retirement and railroad unemployment insurance checks and checks for administrative expenses, under provisions of the Competitive Equality Banking Act of 1987, are made available by Treasury. Treasury transfers principal amounts directly to the appropriate trust fund or administrative limitation. As a result, the RRB is not required to seek prior appropriation authority for the principal amount of the uncashed check transfers. Interest on uncashed checks, however, must be appropriated in advance. This account is the vehicle through which such appropriations are made. Under current law, the RRB requests \$150,000 for estimated interest related to uncashed checks in fiscal year 2014, which shall remain available through September 30, 2015.

Military service credits

In accordance with, and pursuant to, Section 15(b) of the Railroad Retirement Act, the RRB also requests appropriations to the Federal Payments to the Railroad Retirement Accounts for reimbursement of costs (including interest, administrative expenses, and an actuarial adjustment) for crediting military service not reimbursed under the financial interchange. Both the railroad retirement system and the social security system are entitled to reimbursement for the cost of military service credits. Depending on the period during which the military service was rendered, the reimbursement may be made on either a benefit or prepaid tax basis. Reimbursement on a tax basis is accomplished by paying payroll taxes for individuals in military service. No additional reimbursement is due at retirement for military service credits reimbursed on a tax basis. Reimbursement on a benefit basis is accomplished by computing the value of retirement and survivor benefits with and without military service and requesting reimbursement based on this difference.

The Railroad Retirement Account has received full reimbursement for the tax basis periods. No reimbursements from general revenue have been received for the benefit basis periods:

- June 15, 1948, through December 15, 1950, creditable under P.L. 100-647, and
- July 1, 1963, and later.

In prior years, we have sought concurrence with our methodology for computing the reimbursable amount from the Social Security Administration (SSA), Treasury and OMB. We received responses from SSA and Treasury. SSA has concurred with our methodology while Treasury stated that they had no role in this particular process. Section 15(b) requires that these reimbursements from the general funds be authorized in advance by an appropriation act. The fiscal year 2014 appropriation request includes \$604,906,307 for applicable military service credits through December 2010, with interest through September 4, 2012. Excluded are all costs for which the RRB has already received credits.

Other transfers

Appropriations are not necessary for other amounts that flow through this account to the appropriate trust fund accounts under authorizing legislation. Amounts expected to be transferred through this account in fiscal year 2014 that do not require appropriation action include \$242 million in income taxes on the social security equivalent portion of tier I benefits, and \$339 million in income taxes on tier II benefits and the non-social security equivalent portion of tier I benefits.

Requested appropriation

The table on pages 9 and 10 shows the estimated budget authority and outlays for this account for fiscal years 2012 through 2022. The estimates are based on OMB's June 2012 mid-session economic assumptions. The current services level includes interest amounts on uncashed checks for all years.

RAILROAD RETIREMENT BOARD

Federal Payments to the Railroad Retirement Accounts
(Budget Account - 60-0113-0-1-601)

Analysis of Resources
(in thousands of dollars)

	<u>2012</u>	<u>2013</u> ^{1/}	<u>2014</u> ^{2/}		
Budget authority.....	775,100	632,350	1,186,056	<u>Current</u>	
				<u>services</u>	
Outlays.....	775,100	632,350	1,186,056		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Budget authority:					
Current services.....	613,150	647,150	687,150	725,150	764,150
Outlays:					
Current services.....	613,150	647,150	687,150	725,150	764,150

^{1/} Includes \$83,200,000 in fiscal year 2013 to be transferred from the general fund of the Treasury to the Social Security Equivalent Benefit Account pursuant to P.L. 112-96, the Middle Class Tax Relief and Job Creation Act of 2012.

^{2/} Fiscal year 2014 budget authority and outlay amounts for current services include \$604,906,307 for military service credits through December 2010 with interest through September 4, 2012.

RAILROAD RETIREMENT BOARD

Federal Payments to the Railroad Retirement Accounts
(Budget Account - 60-0113-0-1-601)

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Budget authority:			
Current services.....	803,150	842,150	880,150
Outlays:			
Current services.....	803,150	842,150	880,150

RAILROAD RETIREMENT BOARD

Dual Benefits Payments Account **Budget Account - 60-0111-0-1-601**

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.

Legislative history

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 1970s. 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 benefited 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 through 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.

Requested appropriation

The table on pages 13 and 14 identifies the estimated budget authority and outlays for the Dual Benefits Payments Account for fiscal years 2012 through 2022.

The fiscal year 2012 appropriation (P.L. 112-74) provided \$50,914,950 for the payment of vested dual benefits, representing an appropriation of \$51,000,000, less a rescission of \$85,050.

The estimate for fiscal year 2013 includes \$45,000,000 for the payment of vested dual benefits, as shown in the table on the following page, plus a 2 percent reserve (\$900,000) to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available to pay benefits.

For fiscal year 2014, the RRB requests an appropriation of \$39,000,000 to pay vested dual benefits, plus a 2 percent reserve of \$780,000 to become available in proportion to the amount by which the product of recipients and the average benefit received exceeds the amount available for payment of vested dual benefits. An estimated \$3,000,000 in income taxes on these benefits will be credited to the Dual Benefits Payments Account.

RAILROAD RETIREMENT BOARD

Dual Benefits Payments Account
(Budget Account - 60-0111-0-1-601)

Analysis of Resources
(in thousands of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>		
			<u>Current</u>		
			<u>services</u>		
Budget authority.....	50,915	45,001	39,000		
Outlays.....	50,915	45,001	39,000		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Budget authority:					
Current services.....	34,000	29,000	25,000	22,000	18,000
Outlays:					
Current services.....	34,000	29,000	25,000	22,000	18,000

Note: The budget estimates for this account include its share of interest on unnegotiated checks through fiscal year 2013.

The RRB paid vested dual benefits to 25,000 beneficiaries in March 2012. The agency expects to pay these benefits to 22,000 beneficiaries in March 2013, and 20,000 beneficiaries in March 2014.

RAILROAD RETIREMENT BOARD

Dual Benefits Payments Account
(Budget Account - 60-0111-0-1-601)

Analysis of Resources
(in thousands of dollars)

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Budget authority:			
Current services.....	15,000	13,000	11,000
Outlays:			
Current services.....	15,000	13,000	11,000

RAILROAD RETIREMENT BOARD

Limitation on Administration **Budget Account - 60-8237-0-7-601**

This appropriation request is for funds to administer the retirement/survivor and unemployment/sickness insurance benefit programs provided for railroad workers and members of their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Included in this request is an amount for certain activities related to the Medicare health insurance program. The Centers for Medicare & Medicaid Services (CMS) reimburse the RRB for certain other administrative expenses related to the Medicare program.

Retirement/Survivor Benefit Program

Under the Railroad Retirement Act, the RRB pays retirement and disability annuities to retired workers with qualifying years of railroad service. Annuities are also payable to spouses and divorced spouses of retired workers and to widows, widowers, children, and certain other survivors of deceased railroad workers. Qualified railroad retirement beneficiaries are covered by the Medicare health insurance program.

The RRB estimates that it will pay the following in retirement and survivor benefits through fiscal year 2014: \$11.3 billion to 573,000 persons in fiscal year 2012, \$11.7 billion to 570,000 persons in fiscal year 2013, and \$12.0 billion to 566,000 persons in fiscal year 2014.

Legislative history

The RRB was created in the 1930s by legislation establishing a retirement benefit program for the nation's railroad workers. Private industrial pension plans had been pioneered in the railroad industry and, by the 1930s, pension plans were far more developed in the rail industry than in most other businesses or industries. These plans, however, had serious defects which were magnified by the Great Depression. While the social security system was in the planning stage, railroad workers sought a separate railroad retirement system which would continue and broaden the existing railroad programs under a uniform national plan. The proposed social security system was not scheduled to begin monthly benefit payments for several years and would not give credit for service performed before 1937, while conditions in the railroad industry called for immediate benefit payments based on prior service.

Legislation was enacted in 1934, 1935, and 1937 to establish a railroad retirement system separate from the social security program legislated in 1935. Such legislation, taking into account the particular circumstances of the railroad industry, was not without precedent. Numerous laws pertaining to railroad operations and safety had already been enacted since

the Interstate Commerce Act of 1887. Since passage of the Railroad Retirement Acts of the 1930s, numerous other railroad laws have subsequently been enacted.

Railroad Retirement and Survivors' Improvement Act of 2001

The Railroad Retirement and Survivors' Improvement Act of 2001, Public Law 107-90, liberalized early retirement benefits for 30-year employees, eliminated a cap on monthly retirement and disability benefits, lowered the minimum service requirement from 10 years to 5 years of service if performed after 1995, and provided for increased benefits for some widow(er)s. The financing sections of the legislation repealed the supplemental annuity work-hour tax, and provided for adjustments in the payroll tax rates paid by employers and employees.

Public Law 107-90 also provides for the transfer of railroad retirement funds from the Railroad Retirement Accounts to the National Railroad Retirement Investment Trust (NRRIT), whose Board of seven trustees is empowered to invest NRRIT assets in non-governmental assets, such as equities and debt, as well as in governmental securities. Public Law 107-90 discontinued the separate Railroad Retirement Supplemental Account. While supplemental benefits provided by the Railroad Retirement Act continue to be due and payable, they are now funded through the Railroad Retirement Account.

Coordination with Social Security

While the railroad retirement system has remained separate from the social security system, the two systems are closely coordinated with regard to earnings credits, benefit payments, and taxes. Following the recommendations of the Federal Commission on Railroad Retirement, legislation enacted in 1974 restructured railroad retirement benefits into tiers, in order to coordinate them more fully with social security credits, using social security benefit formulas. Tier I benefits are generally the equivalent of social security benefits. Tier II benefits are based on railroad service only and are comparable to industrial pensions.

Jurisdiction over the payment of retirement and survivor benefits is shared by the RRB and SSA. The RRB has jurisdiction over the payment of retirement benefits if the employee had at least 10 years of railroad service, or 5 years of service if performed after 1995. For survivor benefits, there is an additional requirement that the employee's last regular employment before retirement or death was in the railroad industry. If a railroad employee or his/her survivor(s) do not qualify for railroad retirement benefits, the RRB transfers the employee's railroad retirement credits to SSA, where they are treated as social security credits.

Sources of income for the retirement/survivor benefit program

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by railroad employees and employers. 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 levels. Historically, railroad retirement taxes have been considerably higher than social security taxes.

In recent years, the funds have also received transfers from general revenue to make up for payroll taxes lost due to “tax holiday” provisions first enacted under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) and last extended through the end of calendar year 2012 under the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96).

Another source of income is the financial interchange with the social security trust funds. Under the financial interchange, in effect, the portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system. The purpose of this financial coordination is to place 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.

Other current sources of income are returns on investments, and appropriations from general revenues provided after 1974 as part of a phase-out of certain vested dual benefits. The Railroad Retirement Account and Social Security Equivalent Benefit Account also receive credit for Federal income taxes paid on benefits from these accounts.

Unemployment/Sickness Insurance Program

Under the Railroad Unemployment Insurance Act, the RRB pays (1) unemployment insurance benefits to railroad workers who are unemployed but ready, willing, and able to work and (2) sickness insurance benefits to railroad workers who are unable to work because of illness, injury, or pregnancy.

In the benefit year that ended June 30, 2012, the RRB paid \$38,138,000 in unemployment insurance benefits from the Railroad Unemployment Insurance (RUI) Account, and recovered \$4,458,000, resulting in net payments of \$33,680,000 to a total of 9,163 unemployment insurance claimants. During the same period, the RRB paid \$74,457,000 in sickness insurance benefits from the RUI Account, and recovered \$25,401,000, resulting in net payments of \$49,056,000 to a total of 16,748 sickness insurance claimants. The RRB also recovered a total of \$72,000 under provisions of the American Recovery and Reinvestment Act of 2009, and paid \$7,082,000 in additional extended unemployment benefits under the Worker, Homeownership and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Continuation Act of 2011, and the Middle Class Tax Relief and Job Creation Act of 2012.

Provisions for benefits

A new unemployment and sickness insurance benefit year begins every July 1, with eligibility generally based on railroad service and earnings in the preceding calendar year. Up to 26 weeks of normal unemployment insurance benefits and 26 weeks of normal sickness insurance benefits are payable to an individual in a benefit year. Extended benefits may also be payable for up to 13 weeks to persons with 10 or more years of service.

Additional extended unemployment benefits are also now payable to some railroad workers under the Worker, Homeownership and Business Assistance Act of 2009, as amended. These benefits are funded separately.

Legislative history

The railroad unemployment insurance system was established by legislation enacted in the 1930s. While State unemployment programs generally covered railroad workers, railroad operations which crossed State lines caused special problems. Unemployed railroad workers were denied compensation by one State because they became unemployed in another State or because their employers had paid unemployment taxes in another State. Although there were cases where employees appeared to be covered in more than one State, they often did not qualify in any.

The Federal study commission, which reported on the nationwide State plans for unemployment insurance, recommended that railroad workers be covered by a separate plan because of the complications their coverage had caused the State plans. The Congress subsequently enacted the Railroad Unemployment Insurance Act in 1938. Railroad unemployment insurance benefits became payable in July 1939. Sickness insurance benefits were added by amendments enacted in 1946. Subsequent amendments over the years revised eligibility requirements and adjusted benefit amounts and tax rates.

The railroad unemployment and sickness insurance system is financed by contributions from railroad employers. By law, a portion of the contributions is deposited in the Railroad Unemployment Insurance Administration Fund for the RRB's administrative expenses. The contributions are permanently appropriated for benefit payments and administrative expenses.

Large scale railroad layoffs during the economic recession in the early 1980s increased unemployment insurance payments to record levels, far exceeding unemployment contributions. By the end of July 1983, the account had a deficit of \$550 million. The Railroad Retirement Solvency Act, enacted August 12, 1983, increased railroad unemployment and sickness insurance taxes by increasing the limit on compensation subject to the tax from \$400 to \$600 a month. The act also imposed a temporary repayment tax on railroad employers to help repay loans from the Railroad Retirement Account.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), enacted April 7, 1986, increased the repayment tax. It also restored the authority of the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account; this authority had been removed by the Railroad Retirement Solvency Act. The law also provided for a surtax on railroad employers in the event that further borrowing after September 30, 1985, from the Railroad Retirement Account became necessary.

In November 1988, the Congress enacted the Railroad Unemployment Insurance and Retirement Improvement Act of 1988 (P.L. 100-647) to resolve the system's long-term financing problems. In brief, the legislation improved the program's financing by (1) indexing the tax base to increased wage levels, (2) determining employers' tax rates by using an experience rating formula, (3) establishing a variable surcharge geared to the balance in the Railroad Unemployment Insurance Account, and (4) ensuring repayment of the debt to the Railroad Retirement Account by extending the repayment tax until the debt was fully repaid, with interest. The loan was repaid in full with a transfer of funds from the Railroad Unemployment Insurance Account to the Railroad Retirement Account on June 29, 1993.

The Railroad Unemployment Insurance Amendments Act of 1996 (P.L. 104-251), enacted October 9, 1996, increased the railroad unemployment and sickness insurance daily benefit rate and revised the formula for indexing future benefit rates. It also reduced the waiting period for initial benefit payments and eliminated duplicate waiting periods in continuing periods of unemployment and sickness. In addition, the legislation applied an earnings test to claims for unemployment and reduced the duration of extended benefit periods for long-service employees. The provisions of the legislation were based on joint recommendations to the Congress negotiated by rail labor and management in order to update the railroad unemployment insurance system along the lines of State unemployment insurance systems.

RAILROAD RETIREMENT BOARD

Administrative Appropriation Request for Fiscal Year 2014

Limitation on Administration (60-8237-0-7-601)

<u>Budget Level</u>	<u>FTEs</u>	<u>Amount</u>^{1/} (\$ thousands)
OMB reduced level ^{2/}	860	\$108,300
OMB guidance level	864	114,000
Agency request level	885	119,158

^{1/} Dollar amounts do not include reimbursements.

^{2/} This level represents a 5 percent reduction below the guidance level.

RAILROAD RETIREMENT BOARD
LIMITATION ON ADMINISTRATION
BUDGET BY APPROPRIATION AND OBJECT CLASS
(in thousands of dollars)

	FY 2012	AMOUNT OF CHANGE	FY 2013 ADMIN. PROPOSED	AMOUNT OF CHANGE	FY 2014 OMB REDUCED	AMOUNT OF CHANGE	FY 2014 OMB GUIDANCE	AMOUNT OF CHANGE	FY 2014 AGENCY REQUEST
TOTAL FTEs (INCLUDING REIMBURSABLE)	885	0	885	(25)	860	4	864	21	885
TOTAL RRB DIRECT PROGRAM OBLIGATIONS									
11.1 FULL-TIME PERMANENT	64,854	1,541	66,395	(2,626)	63,769	390	64,159	1,795	65,954
11.3 OTHER THAN FULL-TIME PERMANENT	689	(40)	649	49	698	0	698	0	698
11.5 OTHER PERSONNEL COMPENSATION	1,783	(549)	1,234	(41)	1,193	5	1,198	16	1,214
11.9 TOTAL PERSONNEL COMPENSATION	67,326	952	68,278	(2,618)	65,660	395	66,055	1,811	67,866
12.0 PERSONNEL BENEFITS: CIVILIAN	17,389	654	18,043	78	18,121	105	18,226	464	18,690
13.0 BENEFITS FOR FORMER PERSONNEL	228	(8)	220	72	292	0	292	0	292
21.0 TRAVEL AND TRANSPORTATION	720	58	778	39	817	0	817	48	865
22.0 TRANSPORTATION OF THINGS	43	11	54	(4)	50	0	50	0	50
23.1 RENTAL PAYMENTS TO GSA	3,960	(160)	3,800	400	4,200	0	4,200	0	4,200
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	4,538	915	5,453	(384)	5,069	0	5,069	0	5,069
24.0 PRINTING AND REPRODUCTION	304	19	323	1	324	0	324	0	324
25.0 OTHER SERVICES	13,019	1,191	14,210	(1,763)	12,447	4,200	16,647	1,341	17,988
26.0 SUPPLIES AND MATERIALS	687	47	734	(8)	726	0	726	0	726
31.0 EQUIPMENT	435	87	522	72	594	1,000	1,594	1,494	3,088
TOTAL RRB DIRECT OBLIGATIONS	108,649	3,766	112,415	(4,115)	108,300	5,700	114,000	5,158	119,158
REIMBURSABLE OBLIGATIONS	11,632	(1,025)	10,607	0	10,607	0	10,607	0	10,607
TOTAL RRB OBLIGATIONS	120,281	2,741	123,022	(4,115)	118,907	5,700	124,607	5,158	129,765
LIMITATION ON ADMINISTRATION	108,649	3,766	112,415	(4,115)	108,300	5,700	114,000	5,158	119,158

NOTES:

Salary and benefit estimates reflect a 0.5 percent pay increase in January 2013 and 1.7 percent in January 2014.

The proposed fiscal year 2014 budget includes \$500,000 for emergency information technology (IT) investments at the reduced level. The OMB guidance and agency request levels include \$5,510,500 and \$7,314,500 for IT investments, respectively.

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
1	<p>Project: System Processing Excess Earnings Data (SPEED)</p> <p>Purpose: Create efficiencies</p> <p>Investment amount: \$2,100,000</p> <p>Justification and evidence: The Office of Programs seeks funding for contractor support to complete its System Processing Excess Earnings Data (SPEED). Once completed, SPEED will automate time consuming and complex manual processing of annuity adjustments resulting from post retirement work/earnings by employee and spouse annuitants. We expect automation of this workload to reduce FTEs and to reduce improper payments through more timely handling. This is a time-consuming, manual workload.</p> <p>The SPEED system is being built in phases. Beginning in 2006 we built the required supporting database structure and began systematically developing automation to perform the various computations, operations, and data storage/reporting required to assess work deductions. This automation initiative has slowly replaced manual transaction processing on a transaction-by-transaction basis over a 6-year period using agency information technology development staff. The use of contractor support to complete the project will accelerate implementation and allow us to achieve the desired cost efficiencies sooner.</p> <p>The final phases of this effort will address the most complex transactions and system interconnections. Without contractor support SPEED will compete for scarce internal information technology development resources, causing it to take many years or delay the effort indefinitely. The size and complexity of the remaining calculations make this a challenging project.</p> <p>The RRB has a master contract for information technology development services. During fiscal year 2011 the contractor has gained extensive knowledge of the agency’s automated Retirement Online Calculations (ROC) system. This experience is valuable to the development effort because the final phases of the SPEED initiative call for real-time interaction with ROC to support automation of the remaining retirement work deduction activities.</p> <p>The availability of the master contract and the contractor’s up-to-date knowledge base make the use of contractor services both practical and cost-effective. This project is estimated to take about 3 years to complete.</p> <p>The system is expected to save about \$1.4 million a year, including costs for 9 full-time equivalent staff and about 5 percent of avoidable improper payments.</p>

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
2	<p>Project: Employer Contribution and Collection System (ECCS)</p> <p>Purpose: Improve services</p> <p>Investment amount: \$400,000</p> <p>Justification and Evidence: In 2001, the agency (RRB) implemented a Railroad Unemployment Insurance Act (RUIA) collection system; a desktop application written in Visual Basic 6.0 hosted in an SQL7 database. This implementation replaced the original collection recording system which was an RBase application. In 2002, the first electronic Form DC-1s (Employer’s Quarterly Report of Contributions) were accepted from RRBLINK and the database was migrated to SQL2000. In 2008, the RRBLINK web-based collections and cash management application was replaced by Pay.gov, a web based payment system hosted by the Department of the Treasury. RRB continues to operate ECCS; however, there is limited technical support for this application. In addition, the current system does not support:</p> <ul style="list-style-type: none"> • Ability to efficiently reconcile annual data, track differences & reduce errors by establishing automated processes. • Ability to produce custom user reports. • Ability to account for commercial debt reported to US Treasury on the Treasury Report of Receivables. <p>Enhanced security might allow IRS data migration for reconciliation of RRTA information.</p> <p>The RRB’s future state vision is to integrate the ECCS functionality with Accounts Receivable and potentially, the general ledger. The strategy is built off of the Administration’s government-wide Federal IT Shared Services and Cloud-first strategies. With the implementation and migration to a new collection system, the RRB will become substantially compliant with the Guidance from the Office of Management and Budget’s (OMB) Circular A-127 which mandates the use of a core financial management system by a shared service or commercial provider. Further the shared service or commercial provider will have responsibility for technology hosting, as well as administration and application management from their data center. The benefits of this conversion are:</p> <ul style="list-style-type: none"> • Savings of approximately 1 FTE – through attrition of IT support and tax reconciliation process. • Cost savings due to the reduction or elimination of printing and mailing costs as more electronic correspondence and payments are used. • More timely information for RRB management and leadership team. • Improved data management, data quality, and internal controls will reduce the risk of fraud, improper payments, and potential errors. • Supports OMB directive to Federal agencies to migrate to an SSP environment.

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
3	<p>Project: Digitization of Legal Opinions</p> <p>Purpose: Improve services</p> <p>Initial investment amount: \$1,000,000</p> <p>Justification and evidence: The RRB has a total of 258 loose-leaf three ring binders of Legal Opinions of the General Counsel, with each binder containing 150-200 legal opinions consisting of an average of 300-350 pages single sided. The Legal Opinions address legal issues that have been considered by the General Counsel since formation of the agency. The documents vary in format, including print, onion-skin, carbon copies, and photocopies. The Legal Opinions range in age from 78 years to one month, and oldest are becoming unusable. Currently, an opinion on a specific topic is located by using a paper digest card summary.</p> <p>The Office of General Counsel proposes to digitize and catalog the Legal Opinions so they are electronically retrievable by Board staff and the public, including attorneys, claimants, railroad employers, etc. without concerns that an opinion has been compromised in any way. Storage in electronic format will preserve irreplaceable original agency reference documents. Electronic search and retrieval will increase access and reduce search time.</p> <p>It is estimated that inaccessibility of current paper format reduces agency usage to approximately 130 hours and \$4,800 in staff time per year. The loss of public access is speculative because the opinions may now be searched only in the Chicago office. Availability of prior legal guidance will also increase payment accuracy by use of correct legal guidelines in difficult cases. Preventing just two erroneous widow annuity awards per year would save approximately \$30,000 in erroneous payments annually for the life of the annuitant. A conservative estimate of annual savings would be \$35,000.</p>

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
4	<p>Project: Storage Area Network (SAN) Modernization</p> <p>Purpose: Cost avoidance</p> <p>Investment amount: \$500,000</p> <p>Justification and evidence: The agency's data center utilizes two SAN devices, which provide for centralized file storage of many terabytes of mission-critical data generated and used by the mainframe computer and distributed systems (servers). One of the devices will be 9 years old in fiscal year 2014. Until recently it has been a reliable device with little if any problems. However, since 2012, the device has been experiencing more frequent hardware failures that have been successfully serviced by the manufacturer or corrected by RRB employees.</p> <p>The manufacturer has informed the RRB that the SAN unit will reach its end-of-service-life in June 2013. This means that parts and service will no longer be available through the manufacturer. Historically, third party firms step in to provide support in such situations, but parts may become increasingly difficult to obtain as the device ages and may require utilization of refurbished parts. It is unknown at this time what the third party service will charge for maintenance.</p> <p>The estimated investment amount includes \$450,000 for equipment and \$50,000 for installation, configuration and knowledge transfer/training.</p>

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
5	<p>Project: Mainframe Computer Replacement</p> <p>Purpose: Cost efficiencies</p> <p>Investment amount: \$1,000,000</p> <p>Justification and evidence: The mainframe computer system has a vital role at the RRB as the hub of the agency’s enterprise infrastructure, running our suite of mission-critical applications and databases. The RRB relies on the mainframe to:</p> <ul style="list-style-type: none"> • Perform large-scale transaction processing, • Support a large number of users and application programs concurrently accessing numerous resources, • Manage large volumes of information in databases, and • Handle large-bandwidth communication. <p>We measure the need to change the mainframe hardware primarily by capacity need and hardware lifecycle. Other key factors in determining the useful life of the mainframe computer include operating system support, Architectural Level Sets (ALSs) and withdrawal marketing and support dates.</p> <p>The RRB’s current mainframe computer was put into operation in 2008, and based on the hardware lifecycle , will be more than two generations old by 2014. By that time, maintaining the mainframe may not be optimal from a total cost of ownership perspective.</p> <p>The associated costs for this project include the mainframe computer and system assurance meetings prior to shipment of equipment as well as shipping, installation and configuration services to switch out the existing mainframe computer and install the new device. There will also be software costs due to changeover to the new operating system.</p>

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
6	<p>Project: FMIS Modular Interface of Legacy Systems (MILeS)</p> <p>Purpose: Create efficiencies</p> <p>Investment amount: \$250,000</p> <p>Justification and evidence: The Program Accounts Receivable (PAR) system is the accounts receivable subsystem of the Federal Financial System (FFS). PAR has been significantly modified to meet the RRB’s specific debt collection needs; PAR was separated from the RRB’s core FFS system, and functions as a standalone system maintaining its own general ledger.</p> <p>The PAR system generates a monthly summary trial balance that is manually recorded in the RRB’s general ledger. Approximately 40,000 new debts are established and 80,000 cash receipts are recorded annually. Most PAR system transactions are received through interfaces with several other internal and external systems and are posted mechanically.</p> <p>The RRB plans to modernize its financial operation by moving to a core Federal financial management system hosted by a shared service provider. Work on this effort is scheduled to be completed at the end of fiscal year 2013. The next step in the agency’s financial operations strategy is modernization of the PAR system.</p> <p>A contractor will be tasked to review, with RRB input, existing accounts receivable business processes; PAR automation processes; and PAR interactions with agency business partners, e.g. other federal agencies, and with other RRB applications and systems. The contractor will also be required to study what accounts receivable functions are available through the shared service provider and perform a gap analysis. Lastly, the contractor will be required to provide a preliminary project plan, requirements definition document and recommendations based on the gap analysis.</p>

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
7	<p>Project: Leadership/Management Development Training</p> <p>Purpose: Create Efficiencies</p> <p>Investment amount: \$189,500</p> <p>Projected annual savings: Long term cost containment of programs and administrative activities would be realized through more effective supervision, implementation of more efficient processes throughout the agency, and by avoiding costly mistakes so often realized by new supervisors and managers due to lack of training. In this day, with reductions in staff, it is imperative that we make the best use of our employees. Managerial training is a small but critical cost to ensure that top-level staff are accountable and responsible for carrying out the business needs of the agency.</p> <p>Justification and evidence: The RRB’s Human Capital Management Report, as required under 5 CFR Part 250, states that our Leadership and Knowledge Management goal will focus on identifying and addressing agency leadership competencies so that continuity of leadership is ensured, knowledge is shared across the organization and an environment of continuous learning is present. Furthermore, our Strategic Plan states that in the area of talent management we will address leadership/knowledge management and development of a results oriented performance culture. This investment will help the agency achieve these required or stated goals.</p> <p>The RRB has an aging workforce with extensive corporate knowledge of unique railroad laws, rules, processes and systems that are not easily replicated or readily operable from external hiring sources. About 70 percent of our employees have 20 or more years of service and over 35 percent will be eligible for retirement by fiscal year 2013. It is critical that we prepare employees who take on advanced responsibility in management with the leadership tools they need to perform effectively. This investment in our “intellectual property” will translate into a well-run and efficient organization and put the RRB in a position to continue to achieve the high level of service our customers have experienced and expect in the future.</p> <p>The agency has been experiencing attrition at a consistent rate of four or more full-time equivalents (FTEs) per month and has been doing limited hiring of entry level employees to fill vacancies in key positions of claims examiners and representatives. We anticipate an increase in staff turnover combined with limited hiring during fiscal year 2013. Our goal is to maintain a minimum level of FTEs to accomplish our mission. We plan on new employees advancing through the organization, senior employees moving into front line managerial positions, and</p>

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project																		
	<p>front line managers moving into higher level managerial or executive positions. Therefore, it is critical that we develop employees to fill supervisory and managerial positions made vacant by retirements. In the spirit of succession planning, these employees will become the RRB’s next generation of leaders.</p> <p>During fiscal year 2014, funding is needed for an aggressive managerial training plan to ensure newly promoted front-line supervisors and managers are equipped and trained to effectively provide decision support capability to our Board, Executive Committee, and external federal and non-federal customers. This investment in our “intellectual property” will minimize strategic, operational, and financial risks for carrying on the agency’s mission and achieving the agency’s strategic goals of providing excellent customer service and being responsible stewards of our customers’ trust funds and agency resources.</p> <p>Our commitment to management training will focus on developing managerial skills for new and mid-level supervisors, as well as executive development, and help ensure that these individuals develop to their full potential as quickly as possible. Our training plans address leadership and knowledge management and development of a results-oriented performance culture.</p> <p>The proposed managerial succession planning and training program for fiscal year 2014 includes:</p> <table border="1" data-bbox="367 1119 1357 1457"> <thead> <tr> <th>Training Program</th> <th>Attendees</th> <th>Total Cost</th> </tr> </thead> <tbody> <tr> <td>Management Skills for New Supervisors (GS 11-12)</td> <td align="center">10</td> <td align="right">\$ 18,000</td> </tr> <tr> <td>New Managers Training (GS 13 and higher)</td> <td align="center">8</td> <td align="right">58,000</td> </tr> <tr> <td>Executive Development (GS 15)</td> <td align="center">3</td> <td align="right">25,500</td> </tr> <tr> <td>Federal Executive Institute – Leadership for a Democratic Society (SES, GS 15)</td> <td align="center">4</td> <td align="right">88,000</td> </tr> <tr> <td>Total</td> <td align="center">25</td> <td align="right">\$189,500</td> </tr> </tbody> </table>	Training Program	Attendees	Total Cost	Management Skills for New Supervisors (GS 11-12)	10	\$ 18,000	New Managers Training (GS 13 and higher)	8	58,000	Executive Development (GS 15)	3	25,500	Federal Executive Institute – Leadership for a Democratic Society (SES, GS 15)	4	88,000	Total	25	\$189,500
Training Program	Attendees	Total Cost																	
Management Skills for New Supervisors (GS 11-12)	10	\$ 18,000																	
New Managers Training (GS 13 and higher)	8	58,000																	
Executive Development (GS 15)	3	25,500																	
Federal Executive Institute – Leadership for a Democratic Society (SES, GS 15)	4	88,000																	
Total	25	\$189,500																	

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
8	<p>Project: Employer Reporting System</p> <p>Purpose: Create efficiencies</p> <p>Investment amount: \$260,500</p> <p>Justification and evidence: In December 2003, we initiated the Internet-based Employer Reporting System (ERS) for rail and labor employers to file reports of service and compensation needed to determine eligibility under the Railroad Retirement and Railroad Unemployment Insurance Acts. The goals of the ERS project are to:</p> <ul style="list-style-type: none"> • Provide employers with electronic-based alternatives to the 74 paper-based forms exchanged between rail employers and the RRB; • Increase efficiency by reducing manual handling; and • Enhance security and protection of personally identifiable information (PII). <p>When ERS is complete, the Internet-based service will provide employers with a secure and efficient way to provide information to the RRB for their employees. Previously, the employers' only option to provide this information was by mail or fax. As phases of the system are completed, the ERS:</p> <ul style="list-style-type: none"> • Automates the referral process between rail employers and the agency and adds additional services to the system. • Improves customer service and speeds initial annuity processing due to faster employment verification. • Enhances stewardship by securing and protecting personally identifiable information. <p>Risks of delaying the project include:</p> <ul style="list-style-type: none"> • Need to continue paper-based processes until on-line services are available. • Slow employment verification. • Manual handling which puts PII at risk. • Potential loss of information through mailing. <p>Because of the large number of paper-based forms and processes needing conversion, the project is divided into phases over multiple years. Improvements implemented since 2003 allow employers to report via the agency's website such items as compensation adjustments (Form BA-4) and address information for newly hired employees (Form BA-6). Employers can also receive and submit determinations on employee protests of service and compensation (Forms GL-129 and GL-129a), and respond to prepayment notices of employees' applications and claims for benefits</p>

ADDBACK REQUESTS FOR GUIDANCE LEVEL FUNDING

Priority	Project
	<p>under the Railroad Unemployment Insurance Act (ID-4K) and notices of RUIA claim determinations (ID-4E). Conversion of more forms is also scheduled to follow.</p> <p>In fiscal year 2014, we plan to use contractor services to assist agency staff in developing an on-line version of Form BA-9, Report of Separation Allowance or Severance Pay. We also plan to develop an automated referral process in ERS to notify employers of errors or the need for additional information and provide a means for correcting the data. Forms G-117a, GL-99 and G-132 will add 3 additional services to the system in fiscal year 2014.</p>

**Explanation of Changes Between the Estimated Budget for Fiscal year 2013,
and Budget Levels for Fiscal Year 2014**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2013 Proposed to FY 2014 Reduced (\$4,115)</i>	<i>FY 2014 Reduced to OMB Guidance \$5,700</i>	<i>FY 2014 Guidance to Agency Request \$5,158</i>
1. Personnel compensation	(2,618)	395	1,811
<p>Changes reflect variations in RRB staffing at each of the budget levels. The reduced budget level reflects total staffing of 860 FTEs, which is 25 FTEs less than planned for fiscal year 2013. At the guidance level of the budget, funding would be sufficient for an additional 7 FTEs; at the agency request level, an additional 35 FTEs would be funded, resulting in a total of 902 FTEs.</p> <p>Projected compensation costs reflect an estimated pay increase of 1.7 percent in January 2014. In accordance with OMB guidance, one percent of salary has also been included for performance awards. Funding for overtime is estimated at \$485,000 at all three budget levels.</p>			
2. Civilian personnel benefits	78	105	464
<p>Employee benefits are estimated to total approximately 27.2 percent of salary costs in 2014, which is an increase of 0.5 percent over expected rates in 2013. Changes between the fiscal year 2014 budget levels also reflect variations in RRB staffing as noted above.</p> <p>All three fiscal year 2014 budget levels also include \$180,000 for change-of-station costs. This is the same as the amount budgeted for fiscal year 2013. In addition, all levels reflect \$15,000 for transit benefits for the Office of Legislative Affairs located in Washington D.C. Funding is not provided for resumption of the transit benefit subsidy for RRB employees outside the Washington, D.C. area. This benefit has been suspended in recent years due to budget constraints.</p>			
3. Benefits for former personnel	72	0	0
<p>A total of \$291,711 is included at each of the three budget levels for fiscal year 2014. The total includes \$30,000 for unemployment benefits and \$261,711 for workers' compensation benefits to be billed by the Department of Labor in fiscal year 2014.</p>			

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2013,
and Budget Levels for Fiscal Year 2014**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2013 Proposed to FY 2014 Reduced (\$4,115)</i>	<i>FY 2014 Reduced to OMB Guidance \$5,700</i>	<i>FY 2014 Guidance to Agency Request \$5,158</i>
4. Travel and transportation of persons	39	0	48
The reduced and guidance level budgets include \$817,000 for travel in fiscal year 2014. This is about 5 percent more than the amount requested for fiscal year 2013. At the agency request level, an additional \$48,000 would be added to allow for a national managers meeting.			
5. Transportation of things	(4)	0	0
A total of \$50,000 is requested for transportation costs at each of the three budget levels for fiscal year 2014. This is about 7 percent less than the amount now planned for fiscal year 2013. The total includes \$36,000 for change-of-station costs and \$14,000 for shipment of materials to the field offices.			
6. Rental payments to the General Services Administration (GSA)	400	0	0
A total of \$4.2 million is requested for this category in fiscal year 2014. The requested amount reflects charges on an actual cost basis that RRB will continue to pay for rent, consistent with RRB's memorandum of understanding with GSA. The total, which is \$400,000 higher than the planned amount for fiscal year 2013, includes an increase for depreciation on headquarters lobby improvements.			
7. Communications, utilities, and miscellaneous charges	(384)	0	0
The total amount requested for this category in fiscal year 2014 is \$5,069,000, which is about 7 percent less than the amount planned for fiscal year 2013. Specific amounts compare with fiscal year 2013 as shown below. (Amounts have been rounded to thousands.)			
<u>FY 2014 Funding at Reduced Budget Level</u>			
Rent of equipment - \$809	(99)	0	0
Postage - \$1,726	14	0	0
Utilities - \$590	(30)	0	0
Communications - \$1,944	(269)	0	0

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2013,
and Budget Levels for Fiscal Year 2014**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2013 Proposed to FY 2014 Reduced (\$4,115)</i>	<i>FY 2014 Reduced to OMB Guidance \$5,700</i>	<i>FY 2014 Guidance to Agency Request \$5,158</i>
8. Printing and reproduction	1	0	0
This category reflects a slight increase in costs for printing benefit rate letters, tax statements, and earnings information for railroad retirement and unemployment/sickness insurance beneficiaries. The category also includes costs for official publication of agency information in the Federal Register and Code of Federal Regulations.			
9. Other services	(1,763)	4,200	1,341
At the reduced budget level, planned spending in this category totals \$12,447,000, which represents a reduction of \$1,763,000, or 12.4 percent, from fiscal year 2013. At the guidance level, an additional \$3,940,000 would be added for training and contractual services related to "addback" requests. At the agency request level, an additional \$2,111,000 would be added for needed contractual services which could not be funded at the lower budget levels. Specific amounts compare with fiscal year 2013 as shown below. (Amounts have been rounded to thousands.)			
<u>FY 2014 Funding at Reduced Budget Level</u>			
Consulting services - \$549	(376)	0	0
Government contracts - \$1,758	(112)	0	210
Other services - \$499	(64)	0	0
Repairs and maintenance - \$1,647	(321)	0	0
Storage of household goods - \$23	0	0	0
Medical fees - \$1,402	38	0	0
Training - \$319	11	190	0
Maintenance of facilities - \$2,238	517	0	0
Contractual services - \$4,013	(1,456)	4,010	1,131
Note: Funding for maintenance of facilities in fiscal year 2014 will be partly offset by "no-year" money brought forward from fiscal year 2011 pursuant to P.L. 107-217.			

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2013,
and Budget Levels for Fiscal Year 2014**

Limitation on Administration, Direct Obligations (Dollars in thousands)

<i>Category</i>	<i>FY 2013 Proposed to FY 2014 Reduced (\$4,115)</i>	<i>FY 2014 Reduced to OMB Guidance \$5,700</i>	<i>FY 2014 Guidance to Agency Request \$5,158</i>
10. Supplies and materials	(8)	0	0
The proposed budget includes a total of \$725,750 in this category, which is about 1 percent less than fiscal year 2013. Estimated costs include \$171,200 for special order supplies, \$123,500 for subscriptions and publications, \$230,000 for stocked supplies and \$201,050 for direct orders from the GSA contractor.			
11. Equipment	72	1,000	1,494
A total of \$594,000 is requested for equipment at the reduced budget level. This includes \$500,000 for an emergency information technology reserve and \$94,000 for miscellaneous other equipment items needed by the bureaus and offices. An additional \$1 million would be added at the guidance level, reflecting adjustments for "addback" requests, including \$500,000 for storage area network modernization and \$1 million for replacement of the mainframe computer. The adjustment would be partly offset by elimination of the IT reserve at this budget level. At the agency request level, funding for equipment would be increased by \$3,707,000, including \$3,362,000 for IT requests as shown in the IT Capital Plan and \$345,000 for other needs.			
Total Increase/Decrease	(4,115)	5,700	5,158

RAILROAD RETIREMENT BOARD

Summary of Full-Time Equivalent Employment by Series a/

Series	Rank	FY 2012	FY 2013 <u>b/</u>	FY 2014 OMB Reduced Level	FY 2014 OMB Guidance Level	FY 2014 Agency Request Level
Executive	Level III	1	1	1	1	1
	Level IV	2	2	2	2	2
	Subtotal	3	3	3	3	3
Senior Executive	ES-00	8	8	8	8	8
	Subtotal	8	8	8	8	8
General	GS/GM-15	31	32	31	32	33
	GS/GM-14	56	55	57	60	62
	GS/GM-13	104	104	96	96	100
	GS-12	223	223	223	223	225
	GS-11	151	150	150	150	157
	GS-10	130	132	142	142	146
	GS-9	46	45	39	39	28
	GS-8	38	43	42	42	46
	GS-7	46	41	26	26	29
	GS-6	12	11	11	11	11
	GS-5	22	24	20	20	22
	GS-4	15	14	12	12	15
	GS-3	0	0	0	0	0
	GS-2	0	0	0	0	0
	Subtotal	874	874	849	853	874
Combined	Total	885	885	860	864	885

a/ Amounts for each year include staffing reimbursed by the Centers for Medicare & Medicaid Services.

b/ FTEs reflect estimates in the President's proposed budget for fiscal year 2012.

RAILROAD RETIREMENT BOARD

Full-Time Equivalent Employees by Organization

Organization	FY 2012 ^{1/}	FY 2013 President's Budget ^{2/}	FY 2014 OMB Reduced Level	FY 2014 OMB Guidance Level	FY 2014 Agency Request Level
Chairman	3.38	--	--	--	--
Labor	6.99	--	--	--	--
Management	5.00	--	--	--	--
Subtotal, Board	15.37	--	--	--	--
General Counsel/Law	13.46	--	--	--	--
Hearings and Appeals	11.19	--	--	--	--
Legislative Affairs	4.00	--	--	--	--
Secretary to the Board	2.00	--	--	--	--
Subtotal, General Counsel	30.65	--	--	--	--
Office of Programs	563.32	--	--	--	--
CFO/Fiscal Operations	62.32	--	--	--	--
Actuary	16.67	--	--	--	--
Office of Administration	59.02	--	--	--	--
Information Services	135.97	--	--	--	--
Total	883.32	885.00	860.00	864.00	885.00

^{1/} Amounts reflect projected use as of August 11, 2012. The RRB's fiscal year 2012 budget includes funding for 885 FTEs.

^{2/} Reflects projected total staffing at the President's proposed level of \$112.415 million. FTEs reflect estimates in the President's proposed budget for fiscal year 2013.

RAILROAD RETIREMENT BOARD

Narrative Description of Strategic Goals

The RRB's budget request for ongoing operations is distributed between two areas that match the goals stated in the agency's Strategic Plan for Fiscal Years 2012–2018:

Strategic Goal I. Provide excellent customer service.

Strategic Goal II. Serve as responsible stewards for our customers' trust funds and agency resources.

Amounts requested by the RRB represent the resources needed to achieve the performance goals stated in the RRB's Performance Plan for Fiscal Year 2014. Activities in each area are described in the following sections. The Performance Plan contains additional information concerning performance indicators for each goal.

I. Provide Excellent Customer Service.

Regarding the RRB's strategic goal of providing excellent customer service, annual performance goals and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2014 include the following:

I-A. Pay benefits timely.

- 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.

I-B. Provide a range of choices in service delivery methods.

- Increase opportunities for our customers to conduct business in a secure manner over the Internet.
- Continue to develop electronic services that enable the employer to conduct daily business transactions and file required reports in an efficient, effective and secure manner.

II. Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.

Regarding the RRB's strategic goal of safeguarding our customers' trust funds through prudent stewardship, annual performance goals and supporting initiatives in the RRB's Performance Plan for Fiscal Year 2014 include the following:

- II-A. Ensure that trust fund assets are protected, collected, recorded and reported appropriately.
 - Continue to issue annual audited financial statements.
 - Monitor the solvency of the trust funds through a sound program of actuarial valuations and financial projections.
 - Correctly estimate the amounts needed for future benefit payments.
 - Verify that payroll taxes are fully collected and properly recorded.
 - Issue accurate, timely determinations and notices of contribution rates required under the unemployment and sickness insurance program.
 - Continue to carry out the RRB's debt management policy.

- II-B. Ensure the accuracy and integrity of benefit programs.
 - Monitor payment accuracy and the levels of improper payments, and identify problems.
 - Provide feedback and take additional preventive actions as appropriate.
 - Maintain established matching programs.
 - Continue our program integrity reviews.

- II-C. Ensure effectiveness, efficiency and security of operations.
 - Continue to develop an effective human capital planning program.
 - Monitor and improve program performance and accountability.
 - Ensure the privacy and security of our customers' transactions with the RRB.
 - Expand our participation in E-Government initiatives.
 - Improve our ability to control and monitor information technology investments.
 - Make greater use of performance-based contracts.
 - Comply with new security requirements for employee identification.

- II-D. Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.

RAILROAD RETIREMENT BOARD

Appropriation Request by Strategic Goal

The RRB Performance Budget for Fiscal Year 2014 contains a discussion of the administration of the railroad retirement/survivor and unemployment/sickness insurance benefit programs. The tables on the following pages identify the estimated costs of administering these programs in terms of the following strategic goals:

- I. Customer service
- II. Stewardship

These goals are consistent with the RRB's Strategic Plan for Fiscal Years 2012–2018.

Projections for the fiscal year 2014 budget reflect three funding levels, as follows:

- The reduced level of the budget provides \$108,300,000 for fiscal year 2014, and represents a reduction of \$349,000 from the RRB's enacted level of funding in fiscal year 2012. This level would fund 860 FTEs to administer the benefit programs and provide \$500,000 for essential information technology costs.
- The guidance level of the budget provides \$114,000,000 for fiscal year 2014, and includes \$5,700,000 requested for "addback" funding to enable the RRB to make targeted investments in the critical priority areas describe on pages 22 through 31. This level would fund 864 FTEs to administer the benefit programs and provide \$5,510,500 for essential information technology costs.
- The agency request level totals \$119,158,296 for fiscal year 2014. This amount would be sufficient to fund 885 FTEs and provide \$7,314,500 for information technology investments.

RAILROAD RETIREMENT BOARD

**Summary of Strategic Goal Amounts
Budget Account - Limitation on Administration (60-8237-0-7-601)**

**Analysis of Resources
(in thousands of dollars)**

<u>Fiscal Year/Level</u>	<u>2012</u>	<u>2013</u>	2014			
			<u>Reduced Level</u>	<u>Guidance Level</u>	<u>Request Level</u>	
Budget authority.....	108,649	112,415	108,300	114,000	119,158	
Outlays.....	108,649	112,415	108,300	114,000	119,158	
Full-time equivalent employment.....	885	885	860	864	885	
<u>Fiscal Year</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Budget authority:						
Reduced level.....	108,300	108,300	108,300	108,300	108,300	108,300
Guidance level.....	114,000	114,000	114,000	114,000	114,000	114,000
Request level.....	119,158	*	*	*	*	*
Outlays:						
Reduced level.....	108,300	108,300	108,300	108,300	108,300	108,300
Guidance level.....	114,000	114,000	114,000	114,000	114,000	114,000
Request level.....	119,158	*	*	*	*	*

* Amounts for these years are to be determined.

RAILROAD RETIREMENT BOARD

**Strategic Goal - Customer Service
Budget Account - Limitation on Administration (60-8237-0-7-601)**

**Analysis of Resources
(in thousands of dollars)**

<u>Fiscal Year/Level</u>	<u>2012</u>	<u>2013</u>	2014			
			<u>Reduced Level</u>	<u>Guidance Level</u>	<u>Request Level</u>	
Budget authority.....	85,094	86,240	82,582	83,369	85,929	
Outlays.....	85,094	86,240	82,582	83,369	85,929	
Full-time equivalent employment.....	712	712	676	679	695	
<u>Fiscal Year</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Budget authority:						
Reduced level.....	82,582	82,582	82,582	82,582	82,582	82,582
Guidance level.....	83,369	83,369	83,369	83,369	83,369	83,369
Request level.....	85,929	*	*	*	*	*
Outlays:						
Reduced level.....	82,582	82,582	82,582	82,582	82,582	82,582
Guidance level.....	83,369	83,369	83,369	83,369	83,369	83,369
Request level.....	85,929	*	*	*	*	*

* Amounts for these years are to be determined.

RAILROAD RETIREMENT BOARD

**Strategic Goal - Stewardship
Budget Account - Limitation on Administration (60-8237-0-7-601)**

**Analysis of Resources
(in thousands of dollars)**

<u>Fiscal Year/Level</u>	<u>2012</u>	<u>2013</u>	2014			
			<u>Reduced Level</u>	<u>Guidance Level</u>	<u>Request Level</u>	
Budget authority.....	23,555	26,175	25,718	30,631	33,229	
Outlays.....	23,555	26,175	25,718	30,631	33,229	
Full-time equivalent employment.....	173	173	184	185	190	
<u>Fiscal Year</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Budget authority:						
Reduced level.....	25,718	25,718	25,718	25,718	25,718	25,718
Guidance level.....	30,631	30,631	30,631	30,631	30,631	30,631
Request level.....	33,229	*	*	*	*	*
Outlays:						
Reduced level.....	25,718	25,718	25,718	25,718	25,718	25,718
Guidance level.....	30,631	30,631	30,631	30,631	30,631	30,631
Request level.....	33,229	*	*	*	*	*

* Amounts for these years are to be determined.

PERFORMANCE PLAN



Fiscal Year 2014

Railroad Retirement Board

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Introduction

The Railroad Retirement Board (RRB) has developed this performance budget for fiscal year 2014 to support our mission (see mission statement 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 continued focus on results, service quality, and customer satisfaction. We will also use the plan to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality.

This plan is closely linked to our **Strategic Plan for Fiscal Years 2012 - 2018** and can be easily cross-referenced to that plan. 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 2014. 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 support the annual submission of the agency budget to the Office of Management and Budget (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 2014 for each performance goal at the reduced budget level of \$108,300,000, the OMB guidance level of \$114,000,000, and the agency request level of \$119,158,000 is provided in Exhibit 1. To provide for ongoing improvement in performance and accountability, we will continue to set programmatic goals which are aggressive, realistic and accurately measured. We will also ensure that planned improvements are transparent and result in meaningful outcomes, and that agency managers are accountable for achieving performance goals.

We will also prepare and submit to the President and the Congress a report on program performance for fiscal year 2014, as part of our Performance and Accountability Report. The report will be reviewed 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 the fiscal year.

This performance budget meets the requirements of the GPRA Modernization Act and was prepared by RRB employees.

***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 in terms of service delivery options and levels and manner of performance. At the reduced level of the fiscal year 2014 budget, we plan to allocate \$82,582,000 and 676 full-time equivalent employees (FTEs) to this strategic goal; at the OMB guidance level, we would dedicate \$83,369,000 and 679 FTEs to customer service; and at the agency request level, we would be able to dedicate \$85,929,000 and 695 FTEs to customer service. We have established two performance goals that focus on the specifics of achieving this strategic goal.

Performance Goal I-A: *Pay benefits timely.* The RRB is committed to ensuring that we pay benefits in a timely manner. We have nine objectives in place to track the timeliness of the actions we take in a year regarding both Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) programs. In addition, we will:

- *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 Customer Service Plan includes customer service timeliness standards for paying benefits. Through June 30, 2012, the overall actual performance was **99.2 percent**. This means that customers received benefit services within the timeframes promised in the Customer Service Plan for over 99 percent of the nearly 146,000 service transactions for which timeliness was measured.

The inset at the right shows composite results in four combined categories of services.

**Overall Timeliness Performance
Fiscal Year 2012 (through 6/30/2012)**

- Retirement applications: 96.5%
(target: 95.4%)
- Survivor applications: 95.6%
(target: 95.9%)
- Disability applications/payments: 87.4%
(target: 84.5%)
- RUIA applications/claims: 99.9%
(target: 99.8%)

Communications with RRB customers

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 number. 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. In addition, we use an on-line presentation facility called *RRBVision* to provide information and training to the public and rail employers.

In December 2011, the RRB conducted an American Customer Satisfaction Index (ACSI) Survey, which focused on railroad workers receiving unemployment or sickness insurance benefits. The RRB earned a score of 81, which was 14 points higher than the latest federal government average (67) and 6 points higher than the previous survey on the same segment done in 2002. In July 2012, we conducted another ACSI survey focusing on initial survivor annuitants. In this survey the RRB earned an overall satisfaction score of 90, which was 23 points higher than the latest federal government average, and the same as the previous survey on the same segment conducted in 2005.

Performance Goal I-B: 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 our goals in this area, we plan to:

- *Increase opportunities for our customers to conduct business in a secure manner over the Internet.*
- *Continue to develop electronic services that enable the employer to conduct daily business transactions and file required reports in an efficient, effective and secure manner.*

In fiscal year 2012, we continued work on Phase 4 of the Employer Reporting System (ERSNet) to automate access to the ID-40 series Railroad Unemployment Insurance Act (RUIA) contribution notices; the ID-6 series tax notices; and the Form G-88a.2, which transmits annuity eligibility information. This will result in three additional on-line services to rail employers when the work is completed.

In fiscal year 2013, we will continue to develop automated processes to notify employers of errors or the need for additional information and provide a means for correcting the data. These will allow employers to report supplemental pension information (Form G-88p), and will request verification of last date on the payroll (Form G-88a.1). We also plan to develop an automated referral process to notify employers of the agency's right to reimbursement of benefits paid under section 12(o) of the RUIA. Development of the ID-30 series and ID-3series notices will result in three additional services for a total of five currently planned for fiscal year 2013.

Starting in fiscal year 2014, we plan to develop additional record correction forms (Forms GL-99, Deemed Service Questionnaire and GL-132, Notice of Service After ABD). Automating these processes will give us direct contact with the responsible official and provide a means for immediate correction of the data. We plan to develop another on-line employer reporting form (Form BA-9, Report of Separation Allowance or Severance Pay) and the contact official form (G-117a). Replacing these paper-based processes continues to improve customer service by accelerating initial annuity processing, and enhances stewardship of the trust funds by securing and protecting personally identifiable information.

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 reduced level of the fiscal year 2014 budget, we plan to allocate \$25,718,000 and 184 full-time equivalent employees (FTEs) to this strategic goal; at the OMB guidance level, we would dedicate \$30,631,000 and 185 FTEs to stewardship; and at the agency request level, we would be able to dedicate \$33,229,000 and 190 FTEs to stewardship. We have established four performance goals that focus on the specifics of achieving this strategic goal.

Performance Goal II-A: *Ensure that trust fund assets are protected, 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, financial projections, benefit payment accuracy, 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.*
- *Monitor the solvency of the trust funds through a sound program of actuarial valuations and financial projections.*
- *Correctly estimate the amounts needed for future benefit payments.*
- *Verify that payroll taxes are fully collected and properly recorded.*
- *Issue accurate, timely determinations and notices of contribution rates required under the unemployment and sickness insurance program.*
- *Continue to carry out the RRB's debt management policy.*

In November 2011, we released our Performance and Accountability Report for fiscal year 2011. The RRB's OIG issued an unqualified ("clean") opinion on the RRB's 2011 financial statements, which were included in that report. The OIG reported material weaknesses in the RRB's information security program, internal control over non-integrated subsystems and budgetary reporting as well as a significant deficiency in railroad auditing. Significant efforts are underway to strengthen controls in these areas.

Performance Goal II-B: Ensure the accuracy and integrity of benefit programs. The principal indicators of accuracy are the benefit payment 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. To accomplish this goal, we will:

- *Monitor payment accuracy and the levels of improper payments, and identify problems.*
- *Provide feedback and take additional preventive actions as appropriate.*
- *Maintain established matching programs.*
- *Continue our program integrity reviews.*

Under the Improper Payments Information Act (IPIA) of 2002, and the Improper Payments Elimination and Recovery Act (IPERA) of 2010, the RRB reviews and reports on the amount of erroneous payments and engages in activities to reduce them. Since improper payment reporting began, the amounts attributable to the RRB's two benefit programs (the RRA and the RUIA) have been below the definition of "significant" improper payments identified in the law and related guidance issued by OMB.

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 & 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.

Through fiscal year 2011, we measured the effectiveness of the program integrity efforts each year by comparing the dollars collected and saved through these initiatives to their cost. For example, in fiscal year 2011, the RRB invested the equivalent of about 25.88 full-time employees, at a cost of approximately \$2.64 million, in program integrity efforts. This resulted in \$13.5 million in recoveries, \$846,000 in benefits saved, and the referral of 207 cases to the OIG for investigation. This is approximately \$5.46 in savings for each \$1.00 invested in these activities. Beginning in fiscal year 2012, we will measure the effectiveness of the program integrity efforts by comparing the dollars identified as improper payments and saved to their cost.

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 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.*
- *Ensure the privacy and security of our customers' transactions with the RRB.*
- *Expand our participation in E-Government initiatives.*
- *Improve our ability to control and monitor information technology investments.*
- *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 continue to emphasize key areas related to strategic management of human capital, improving program performance and accountability, data optimization and systems modernization, particularly as they relate to our succession planning activities.

Strategic Management of Human Capital – Like many agencies, the RRB has an aging workforce. About 70 percent of our employees have 20 or more years of service and over 35 percent of the current workforce will be eligible for retirement by fiscal year 2013. To prepare for the expected turnover, the agency is placing increased emphasis on strategic management of human capital. Each organization has completed workforce planning documents that identify the current staffing levels, projected attrition and planned hiring in fiscal years 2012 and 2013, subject to available funding. Each executive also completed a gap analysis for his/her organization that identified potential areas of skills and knowledge gaps that will need to be addressed, identified areas where additional training may be necessary or where mentoring may be desirable to prepare employees for more senior positions, and identified areas of new skills that may need to be addressed through outside hires.

Recently, the agency has been able to utilize the re-employment of retirees to allow retirees under the Civil Service Retirement System and the Federal Employees Retirement System to be temporarily rehired without losing entitlement to their retirement annuities under Section 1122(a) of Public Law 111-84, which amended sections 8344 and 8468 of Title 5 of the United States Code. The agency has been able to rehire several annuitants on a temporary basis to assist in areas that have knowledge gaps due to attrition.

The RRB is also devoting more attention and resources to training. The agency-wide Training Council coordinates this activity, recently offering courses in the areas of managerial and supervisory development. We also make use of technology in this area, utilizing our on-line presentation facility, *RRBvision*, which allows employees to view training, including a video component, in an online format. This is particularly useful to employees and managers in the agency's field offices.

Improving Performance and Accountability –The RRB will take steps to ensure that:

- Programmatic goals continue to be aggressive, realistic and accurately measured,
- Program improvement plans result in meaningful outcome improvements,
- Managers are accountable for achieving goals and improvement plans, and
- Program performance plans and outcomes are transparent.

Data Optimization and Systems Modernization – In 2009, we successfully concluded a major project to develop an optimized database and synchronize it with legacy tables. Since then, with the assistance of a contractor we conducted a data management practice assessment, which provided input to the agency's data governance planning. We have developed plans for improving the database as the legacy tables are decommissioned and applications address the new database. We have also developed plans for security access and change management.

We are also continuing with Phase 1 of our Systems Modernization Project Plan. Phase I of the plan has two goals; the first is to convert all existing processing to access the master database tables instead of the legacy tables, and the second is to eliminate the legacy tables as soon as they are no longer needed. In September 2010, the Medicare Online Information (MOLI) database was converted to access the master data tables, and seven legacy tables were retired. Further enhancements to Medicare processing systems will be implemented later in the project. In addition to the conversion of the MOLI database, the System Modernization Team implemented data modeling and data stewardship programs for master data, updated naming standards, identified and standardized critical table designs, created audit columns on every master table, eliminated data synchronization and increased the use of business intelligence.

The System Modernization Team and the RUIA group are now continuing with work to convert the RUIA systems to access the master database. Conversion of the RUIA systems is targeted for completion by November 30, 2012.

Railroad Retirement Board - Fiscal Year 2014 Initial Performance Plan

Fiscal Year 2014 Information Technology (IT) Capital Plan Investments

Investment	FY 2014 Budget Level		
	Reduced	Guidance ^{1/}	Request
Contractual services			
System Processing Excess Earnings Data (SPEED)	\$0	\$2,100,000	\$2,100,000
Employer Contribution and Collection System (ECCS)	0	400,000	400,000
Digitization of Legal Opinions	0	1,000,000	1,000,000
FMIS Module Interface of Legacy Systems (MILeS)	0	250,000	250,000
Desktop virtualization pilot	0	0	105,000
Electronic Records and Content Management System (ERCM)	0	0	300,000
Employer Reporting System (ERS)	0	260,500	260,500
Emergency business system/application restoration services	0	0	50,000
Subtotal, Contractual services	\$0	\$4,010,500	\$4,465,500
Equipment			
Storage Area Network (SAN) modernization	\$0	\$500,000	\$500,000
Mainframe computer replacement	0	1,000,000	1,000,000
Security improvements	0	0	295,000
Virtual tape library and data link upgrade	0	0	1,054,000
Emergency IT equipment reserve	500,000	0	0
Subtotal, Equipment	\$500,000	\$1,500,000	\$2,849,000
Total, IT Capital Plan requests	\$500,000	\$5,510,500	\$7,314,500

^{1/} The RRB's addback requests for the OMB guidance level also include \$189,500 for the Leadership/Management Development Training Initiative.

Performance Goal II-D: Effectively carry out responsibilities with respect to 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, quarterly and annually submitted reports by the NRRIT, and its auditors' reports. In addition, the RRB's Board Members and General Counsel meet twice annually with the Trustees and receive detailed briefings during periodic telephone conferences.

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

To facilitate coordination among the NRRIT and Federal Government organizations, the Department of the Treasury, OMB, NRRIT and RRB have entered into a voluntary memorandum of understanding concerning budgetary, accounting and financial reporting responsibilities.

Information Security Program

Information security is a critical consideration for government agencies where maintaining the public's trust is essential. The RRB relies extensively on computerized systems to support its mission operations and store the sensitive information that it collects. The RRB's information security program is established and maintained to reasonably protect systems data and resources against internal failures, human errors, attacks and natural catastrophes that might cause improper disclosure, modification, destruction, or denial of services.

To ensure mission continuity, plans and procedures exist to maintain continuity of operations after a calamity for information systems that support the operations and assets of the RRB. The RRB's Continuity of Operations plan consists of a number of components, including an Occupant Emergency Plan, a Business Continuity Plan, a Crisis Communication Plan, and technically specific plans for mainframe, local area network (LAN), data communications, and desktop recovery. The agency regularly conducts semi-annual off-site disaster recovery exercises. System programmers restore the systems and applications of the agency from back-ups retrieved from an alternate data storage facility. Program libraries are re-created and production databases established. Finally, business analysts verify that the systems recovered correctly.

Federal agencies are required to provide annual computer security awareness training for employees and contractors. Security awareness efforts are designed to change behavior or reinforce good security practices by focusing attention on security. We continue to develop new approaches for refreshing the awareness initiative by providing updated and innovative presentations for the agency staff. We have a full training program that combines a security awareness presentation with additional role-based training appropriate to the RRB's information technology environment. Every employee and contractor with computer network access participates in this annual event. Individuals who do not use a computer receive physical security awareness information. In addition to the awareness presentation, computer analysts, software developers and network/system engineers also receive specialized technical education necessary to maintain their skills and enhance proficiency. The formal awareness-training program is supplemented by a weekly Security News feature story, prominently headlined on the Intranet's home page, reminding people to protect their computers and information throughout the year. Every year, the RRB awareness program has been able to report exemplary levels of participation.

RRB kicked off our basic security awareness training in March of 2012 using a web based basic awareness program offered by SANS (an industry leader in security training) called "Securing the Human" at [.securingthehuman.](http://securingthehuman.com) Employees and contractors were allowed until August 2012 to complete 16 assigned training topics such as how to identify social engineering, how to develop good passwords, and more. Additionally, all employees with increased security responsibilities at the agency were required to view the "Applying the Risk Management Framework to Federal Information Systems" course at csrc.nist.gov.

Faced with an increasingly dangerous threat environment, the RRB relies on a sophisticated hardware and software defense that utilizes carefully monitored and maintained firewall technology, anti-virus software and intrusion detection systems to prevent viruses, worms, spam and malicious content from infiltrating the network, as well as to ensure that critical data and sensitive information are not compromised. To buttress these proactive threat management resources in the event of a successful malware attack, the agency has implemented a robust incident response capability. Utilizing the capabilities of a special forensic analysis workstation, the RRB Computer Emergency Response Team has the ability to conduct forensic collection and analysis of electronic evidence from almost any type of digital media in use today. The RRB has also established an Agency Core Response Group to determine if there is a reasonable expectation that an incident may be a data breach with the potential for identity theft, and notifies the Board members who will make the final decisions regarding breach notification.

The Security Authorization process is integral to the information security programs of Federal agencies. Performing the security authorization process helps provide an understanding of the risks and other factors that could adversely affect the agency's mission for all of the agency information systems. The RRB developed a Security Authorization strategy for fiscal year 2012 that is in line with the National Institute for Standards and Technology (NIST) Risk Management Framework (RMF) strategy. The agency employs a continuous monitoring strategy to increase the effectiveness of our information security program. We also perform annual risk assessments and test all security controls applicable to the information system.

Integrating security into the System Development Life Cycle (SDLC) in the RRB Information System program is essential. To ensure that all RRB applications are developed securely standards need to be identified using industry standards identified by security professionals. The RRB plans on drafting a secure RRB SDLC procedure, implementing standards from guidelines such as:

- Microsoft Security Development Lifecycle,
- Open Web Application Security Project (OWASP) Guide to Building Secure Web Applications, and
- The OWASP secure coding practices.

Railroad Retirement Board FY 2014 Initial Performance Plan	2009 Actual (\$105.5m)	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual ^{1/} (\$108.6m)	2013 President's Proposed ^{2/} (\$112.4m)	2014 Reduced Level (\$108.3m)	2014 Guidance Level (\$114.0m)	2014 Agency Request Level (\$119.2m)
<i>STRATEGIC GOAL I: Provide Excellent Customer Service</i>								
Performance Goal I-A: Pay benefits timely. Goal leader for objectives I-A-1 through I-A-8: Dorothy A. Isherwood, Director of Programs Goal leader for objective I-A-9: Rachel L. Simmons, Director of Hearings and Appeals								
I-A-1. 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: % ≤ 35 days)	94.86%	96.16%	96.0%	96.1%	95.0%	95.0%	95.0%	96.0%
I-A-2. 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 days)	97.0%	96.9%	97.9%	98.0%	96.8%	96.8%	96.8%	98.0%
I-A-3. 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)	94.4%	96.1%	96.3%	94.4%	94.2%	94.0%	94.0%	94.2%

Railroad Retirement Board FY 2014 Initial Performance Plan	2009 Actual (\$105.5m)	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual ^{1/} (\$108.6m)	2013 President's Proposed ^{2/} (\$112.4m)	2014 Reduced Level (\$108.3m)	2014 Guidance Level (\$114.0m)	2014 Agency Request Level (\$119.2m)
I-A-4. 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)	95.4%	95.3%	95.8%	94.7%	95.2%	95.2%	95.2%	94.5%
I-A-5. 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)	97.43%	98.3%	98.3%	97.8%	98.1%	98.0%	98.0%	98.2%
I-A-6. 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 days)	99.80%	99.9%	99.9%	99.9%	99.8%	99.8%	99.8%	99.9%
I-A-7. 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)	62.5%	68.9%	67.5%	74.3%	70.0%	70.0%	70.0%	72.0%
I-A-8. 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)	96.5%	96.2%	96.0%	96.8%	95.0%	95.0%	95.0%	96.0%

Railroad Retirement Board FY 2014 Initial Performance Plan	2009 Actual (\$105.5m)	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual ^{1/} (\$108.6m)	2013 President's Proposed ^{2/} (\$112.4m)	2014 Reduced Level (\$108.3m)	2014 Guidance Level (\$114.0m)	2014 Agency Request Level (\$119.2m)
I-A-9. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	231 (Est.) ^{3/}	252	300	316	330 ^{4/}	345	320	300
<i>Performance Goal I-B: Provide a range of choices in service delivery methods.</i> Goal leader: Dorothy A. Isherwood, Director of Programs								
I-B-1. Offer electronic options to our customers, allowing them alternative ways to perform primary services via the Internet or interactive voice response systems. (Measure: Number of services available through electronic media)	18 services available	18 services available	19 services available	19 services available	19 services available	20 services available	20 services available	21 services available
I-B-2. Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act. (Measures: percentage of employers who use the on-line Employer Reporting System (ERS); number of services available through electronic media)	a) Employers using ERS:	77.0%	81.2%	84%	84%	84%	84%	85%
	b) Internet services:	10 Internet services available	10 Internet services available	17 Internet services available	Pending	25 Internet services available	25 Internet services available	25 Internet services available

Railroad Retirement Board FY 2014 Initial Performance Plan	2009 Actual (\$105.5m)	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual ^{1/} (\$108.6m)	2013 President's Proposed ^{2/} (\$112.4m)	2014 Reduced Level (\$108.3m)	2014 Guidance Level (\$114.0m)	2014 Agency Request Level (\$119.2m)	
<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 protected, collected, recorded, and reported appropriately.</i> Goal leader: George V. Govan, Chief Financial Officer									
II-A-1. Debts will be collected through billing, offset, reclamation, referral to outside collection programs, and a variety of other collection efforts. (Measure for fiscal years through 2011: funds collected vs. total debts outstanding. Measure for fiscal years 2012 and following: total overpayments recovered in the fiscal year / total overpayments established in the fiscal year.)	56%	59%	54%	96.6%	85%	85%	85%	85%	
<i>Performance Goal II-B: Ensure the accuracy and integrity of benefit programs.</i> Goal leader: Dorothy A. Isherwood, Director of Programs									
II-B-1. Achieve a railroad retirement benefit payment accuracy rate ^{5/} of at least 99%. (Measure: percent accuracy rate)	a) Initial payments:	99.59%	99.58%	99.79%	99.74% through 3/31/12	99.75%	99.75%	99.75%	99.75%
	b) Sample post recurring payments:	100%	Deferred ^{6/}	Deferred ^{6/}	99.94% through 3/31/12	99.75%	99.75%	99.75%	99.75%

Railroad Retirement Board FY 2014 Initial Performance Plan	2009 Actual (\$105.5m)	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual ^{1/} (\$108.6m)	2013 President's Proposed ^{2/} (\$112.4m)	2014 Reduced Level (\$108.3m)	2014 Guidance Level (\$114.0m)	2014 Agency Request Level (\$119.2m)	
II-B-2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate ^{5/} of at least 99%. (Measure: percent accuracy rate)	a) Unemployment	98.93%	100%	100%	99.66%	99.60%	99.60%	99.60%	99.70%
	b) Sickness	99.70%	99.94%	99.71%	100%	99.80%	99.80%	99.80%	99.80%
II-B-3. Maintain the level of Railroad Retirement Act (RRA) improper payments below 2.5% of RRA outlays. (Measure: percent of improper RRA payments as reported for the Improper Payments Information Act)				New indicator for fiscal year 2012	59%	0.59% ^{7/}	0.59%	0.59%	0.59%
II-B-4. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure for fiscal years through 2011: recoveries and savings per dollar spent. Measure for fiscal years 2012 and following: recoverables and savings per dollar spent.)	\$4.20: \$1.00	\$5.51: \$1.00	\$5.46: \$1.00	Not available	\$4.28: \$1.00	\$4.25: \$1.00	\$5.50: \$1.00	\$5.50: \$1.00	\$5.50: \$1.00

Railroad Retirement Board FY 2014 Initial Performance Plan	2009 Actual (\$105.5m)	2010 Actual (\$109.1m)	2011 Actual (\$108.9m)	2012 Actual ^{1/} (\$108.6m)	2013 President's Proposed ^{2/} (\$112.4m)	2014 Reduced Level (\$108.3m)	2014 Guidance Level (\$114.0m)	2014 Agency Request Level (\$119.2m)
<p><i>Performance Goal II-C: Ensure effectiveness, efficiency, and security of operations.</i> Goal leader: Terri S. Morgan, Chief Information Officer</p>								
II-C-1. Complete modernization of RRB processing systems in accordance with long-range planning goals. (Measure: Meet target dates for the project. Yes/No)	Yes. The project was in the analysis and planning phase and on schedule as anticipated.	Yes. The Medicare database was converted on 9/26/10.	Yes. We expect to finish the RUIA database conversion by 2/29/12.	Yes. We expect to finish the RUIA conversion by 11/30/12. We have begun conversion work on the EDM database and expect to have the conversion completed by 12/31/12.	Yes. The conversion of the Employment Data Maintenance database is targeted for completion by 9/30/13.	No. The conversion of the Payment Rate Entitlement History (PREH) database targeted for completion by 9/30/14 would not be met because of possible reduction in staff.	Yes. The conversion of the PREH database is targeted for completion by 9/30/14.	Yes. The conversion of the PREH database is targeted for completion by 9/30/14.
<p><i>Performance Goal II-D: Effectively carry out responsibilities with respect to the National Railroad Retirement Investment Trust.</i> Goal leader: Karl T. Blank, General Counsel</p>								
II-D-1. Timely review information reported by the National Railroad Retirement Investment Trust to carry out RRB's oversight responsibility under section 15(j)(5)(F) of the Railroad Retirement Act. Reports are to be reviewed within 30 days of receipt. (Measure: Yes/No)			New indicator for fiscal year 2012	Yes	Yes	Yes	Yes	Yes

Footnotes are on the following page.

- 1/ Actual results represent status as of March 31, 2012, unless otherwise noted.
- 2/ Planned amounts reflect the fiscal year 2013 performance targets shown in the RRB's Congressional Justification of Budget Estimates, released on February 13, 2012, except as noted.
- 3/ The figure for fiscal year 2009 was stated as an estimate due to problems with the computer program which produced it.
- 4/ This target has been changed from a previous level of 400 days to 330 days due to a slight reduction in the expected workload, and an increase in staff productivity as new hires have completed training.
- 5/ The payment accuracy rate is the percentage of dollars paid correctly as a result of adjudication actions performed.
- 6/ The quality review of post recurring payments was deferred in fiscal year 2010 because the accuracy rates historically had been very high, and the findings minimal. The return on measuring this area every year had diminished over time. Review was deferred again in fiscal year 2011 to allow staff to complete work on a special quality assurance case review started in fiscal year 2010.
- 7/ The fiscal year 2013 goal is based on the results of the fiscal year 2012 improper payments analysis, completed in June 2012.

RAILROAD RETIREMENT BOARD

Information Technology Initiatives for Fiscal Year 2014

Introduction

The Railroad Retirement Board actively pursues the continued automation and modernization of its various processing systems to support its mission to administer retirement/survivor and unemployment/sickness insurance benefit programs for railway workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Automation initiatives in recent years have significantly improved operations while allowing the agency to reduce staffing in certain areas.

The Federal CIO's "25 Point Implementation Plan to Reform Federal Information Technology Management" puts heavy emphasis on IT operational efficiency and effective management of IT programs. Ongoing and planned projects will further increase and enhance the efficiency and effectiveness of our benefit payments and program administration. Drivers for all of the IT initiatives are the principles identified in the agency's Information Resources Management Strategic Plan and Enterprise Architecture.

Descriptions of key capital initiatives for fiscal year 2014 are below. These address the Application Development Services, Cyber Security, IT Infrastructure and IT Project Management initiatives.

Application Development Services

These investments represent innovation-intense technology initiatives for long-term cost savings, e.g. automate manual work, improve operations, etc.

System Processing Excess Earnings Data (\$2,100,000)

Funding is requested for contractor support to complete the System Processing Excess Earnings Data (SPEED) system. Once completed, SPEED will automate time consuming and complex manual processing of annuity adjustments resulting from post retirement work/earnings by employee and spouse annuitants. We expect automation of this workload to reduce staffing requirements and reduce improper payments through more timely handling. This request is the RRB's addback priority number 1. Additional information is also provided in the IT Capital Plan under Capital Element 7, System Modernization.

Employer Contribution and Collection System (\$400,000)

Collection of contributions under the Railroad Unemployment Insurance Act is managed through the Employer Contribution and Collection (ECCS) system, which produces deposit data that is input into the financial management system general ledger through manually prepared standard vouchers. On an annual basis, ECCS records approximately \$175 million in unemployment contributions, interest, and penalties for approximately 650 railroad employers. ECCS receives and reconciles data from internal programs at the RRB as well as external data from Pay.gov, the

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Treasury Reporting System and the Secure Data Transfer system. This project is intended to integrate ECCS functionality with the accounts receivable component of the new financial management information system, and potentially, the general ledger. With implementation of the new system, the RRB will be compliant with OMB guidance in Circular A-127. The system will also reduce processing costs, improve timeliness and strengthen internal controls. This request is the RRB's addback priority number 2. Additional information is also provided in the IT Capital Plan under Capital Element 7, System Modernization.

Digitization of Legal Opinions (\$1,000,000)

The RRB requests funding for contractual services to digitize catalog the Legal Opinions of the General Counsel into an electronic format. The RRB has a total of 258 loose-leaf binders of Legal Opinions, with each binder containing 150-200 legal opinions consisting of an average of 300-350 pages single-sided. The Legal Opinions address legal issues that have been considered since formation of the agency. This request is the RRB's addback request number 3. Information is also provided in the IT Capital Plan under Capital Element 11.

Module Interface of Legacy Systems (MILeS) (\$250,000)

The agency's Program Accounts Receivable (PAR) system is the accounts receivable subsystem of the financial management system. The RRB's accounts receivable are recorded and managed in the PAR system which generates a monthly summary trial balance that is manually recorded in the RRB's general ledger. In fiscal year 2014, a contractor will be tasked to review, with RRB input, existing accounts receivable business processes; and PAR automation processes; interactions with agency business partners, e.g. other federal agencies; and interactions with other RRB applications and systems. The contractor will also be required to identify accounts receivable functions available through the shared service provider, and perform a gap analysis. Lastly, the contractor will be required to provide a preliminary project plan and requirements definition document, with recommendations based on the gap analysis. This request is the RRB's addback request number 6. Additional information is also provided in the IT Capital Plan under Capital Element 7, System Modernization.

Employer Reporting System (\$260,500)

The Employer Reporting System (ERS) is an E-Government initiative designed to provide electronic services to the public, as outlined in the Government Paperwork Elimination Act of 1998, and other Federal directives/mandates. ERS also contributes to achieving our strategic objective of providing our customers with more flexible service delivery options. In 2014, we will continue to use contractor assistance to supplement agency resources on the multi-year, multi-stage ERS initiative. The focus will be on delivering an on-line version of Form BA-9, Report of Separation Allowance or Severance Pay. We also plan to develop an automated

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referral process to notify employers of errors or the need for additional information and provide a means for correcting the data. Forms G-117a, GL-99 and G-132 will add 3 additional services to the system. This request is the RRB's addback request number 8. Additional information is also provided in the IT Capital Plan under Capital Element 5, E-Government.

Electronic Records Content Management System (\$300,000)

This initiative is a multi-year effort starting in fiscal year 2013, which includes consultative guidance, the installation of software, hardware, training, and associated policies and procedures that will enable the RRB to manage its records electronically. When complete, the Electronic Records Management System will identify, maintain, classify and dispose of RRB electronic records, including e-mail, according to specified records disposition policies. Additional information is provided in the IT Capital Plan under Capital Element 4, IT Tools and Systems.

Cyber Security

The agency retains primary responsibility for securing and defending its own network and critical information infrastructure from cyber attacks. The agency's risk management and privacy strategy is to make attacks ineffective through prevention and detect successful attacks by enabling surveillance. This strategy is accomplished through the complementary use of technology, well-trained personnel and by following various information security best practice federal laws and mandates. While executing this strategy, the RRB also takes the protection of privacy and civil liberties seriously. Additional information concerning these requests is provided in the IT Capital Plan under Capital Element 6, Risk Management and Privacy.

Intrusion Detection System \$200,000

The Information System Monitoring (SI-4) security control in the NIST 800-53 series requires the RRB to monitor the information system to identify internal and external security threats and to deploy an automated intrusion detection tool that supports near real-time analysis of events. The RRB's current intrusion detection system will reach the end of its life cycle in fiscal year 2014, and should be replaced at that time.

Log Correlation/Security Information and Event Management Tool (\$75,000)

A Log Correlation/Security Information and Event Management (SIEM) tool is used on enterprise data networks to centralize the storage and interpretation of logs, or events, generated by other software running on the network. Such a tool will allow the agency to troubleshoot application problems and investigate security incidents in minutes instead of hours or days, monitor to avoid service degradation or outages, and deliver compliance at lower cost. The related NIST 800-53 series control is Auditable Events (AU-2).

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Forensic Recovery of Evidence Device (\$20,000)

The Forensic Recovery of Evidence Device (F.R.E.D) appliance is used for computer forensics. The related NIST 800-53 series security control is the Incident Handling (IR-4) security control. The purchase of a new F.R.E.D. with EnCase Enterprise software is necessary due to the current FRED's end of service life in fiscal year 2014, according to the product's life cycle.

IT Infrastructure

Information technology infrastructure investments are required to establish a firm foundation for the technology advances we have planned in accordance with the agency's Information Resources Management Strategic Plan, target enterprise architecture, and to maintain our operational readiness. The specific investments in fiscal year 2014 include:

Storage Area Network Replacement (\$500,000)

In fiscal year 2014 the RRB plans to purchase a replacement Storage Area Network (SAN) device. A SAN and Network Attached Storage make up the agency's computer network storage infrastructure. The SAN in particular is used to centrally store both mainframe-based and distributed systems-based (personal computer) data for retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families. The SAN provides non-disruptive operations with automated management and protection of data. This request is the RRB's addback priority number 4. Additional information is also provided in the IT Capital Plan under Capital Element 2, Network Operations.

Mainframe Upgrade (\$1,000,000)

The RRB plans to upgrade the mainframe in fiscal year 2014. The agency's current mainframe computer is an IBM z9 based platform put in operation in 2008. By fiscal year 2014, the mainframe will be more than two generations old. Operating system support, Architectural Level Sets (ALSs), and withdrawal marketing and support dates are key factors in determining the maximum amount of time we plan to continue using the current generation of mainframe. This request is the RRB's addback priority number 5. Additional information is also provided in the IT Capital Plan under Capital Element 1.

Virtual Tape Library at Remote Site (\$1,054,000)

In fiscal year 2012 we began a project to modernize the magnetic tape cartridge storage infrastructure used by the RRB's mainframe production environment by replacing the 13-plus year old automatic tape library mechanical arm hardware device with a virtual tape library (VTL) system at its headquarters data center. In fiscal year 2014 funding will provide for installation of a virtual tape library at the RRB's remote site and additional bandwidth to provide for quick recovery of

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operations during any major disruption. Additional information is provided in the IT Capital Plan under Capital Element 10, Continuity of Operations Improvements.

Desktop Virtualization Pilot (\$105,000)

In fiscal year 2013 the RRB budgeted for consulting services to develop the requirements for a small proof of concept pilot desktop virtualization project. In fiscal year 2014 those requirements become the basis for the purchase of hardware, software and services to support the desktop virtualization pilot. Information gathered from this pilot project will help the agency determine if it is cost effective to do a large-scale rollout to the agency's current desktop environment. Additional information is provided in the IT Capital Plan under Capital Element 2, Network Operations.

IT Project Management

The Clinger-Cohen Act provides direction in the way Federal agencies must acquire and manage information technology (IT). The Act expands upon the requirement, initially introduced by the Government Performance and Results Act (GPRA), that agency IT investments be directly linked to, and supportive of, program objectives. In support of this Act, the Board has established an IT decision-making process for formulating IT policy, capital investments and information resource management.

The Executive Committee (EC) is the top-level panel of RRB agency executives designated by the Board. The EC has broad responsibilities for addressing the agency's overall policy and management issues, including ensuring that IT investments result in substantial benefit to the RRB and its customers. The Chief Information Officer (CIO) has agency-wide information resource management responsibilities and is responsible for establishing an IT investment process for selecting, controlling, and evaluating IT investments. The CIO oversees and manages all automated information processing activities of the agency and ensures, based on input from the Information Technology Steering Committee (ITSC) and affected bureaus/offices, that resources are being used effectively among programmatic areas to carry out the agency's business priorities. All projects undergo detailed evaluation as part of each budget years' process. The agency does not have any high risk IT projects.

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Capital Element	FY 2012 ^{a/}	FY 2013 ^{b/}	FY 2014 ^{c/}	FY 2015	FY 2016	FY 2017	TOTAL
1. Mainframe	\$0	\$0	\$1,000,000	\$0	\$0	\$0	1,000,000
2. Network operations	117,019	0	605,000	250,000	250,000	250,000	1,472,019
3. Infrastructure replacement	0	495,710	0	350,000	350,000	350,000	1,545,710
4. IT tools and systems	102,881	350,000	300,000	200,000	200,000	200,000	1,352,881
5. E-Government	0	100,000	260,500	200,000	200,000	200,000	960,500
6. Risk management and privacy	35,000	0	295,000	200,000	200,000	200,000	930,000
7. System modernization	180,600	0	2,750,000	500,000	150,000	150,000	3,730,600
8. Enterprise Human Resources Integration	0	180,000	0	240,000	0	0	420,000
9. Financial Management Integrated System	1,800,000	3,562,000	0	0	0	0	5,362,000
10. Continuity of operations improvements	64,500	0	1,054,000	100,000	100,000	100,000	1,418,500
11. Digitization of legal opinions	0	0	1,000,000	0	0	0	1,000,000
Non-Capital Plan Element							
12. IT task orders	0	50,000	50,000	50,000	50,000	50,000	250,000
TOTAL	\$2,300,000	\$4,737,710	\$7,314,500	\$2,090,000	\$1,500,000	\$1,500,000	\$19,442,210

^{a/} Amounts reflect budgeted funding as of August 29, 2012.

^{b/} Amounts reflect funding at the President's proposed level of the fiscal year 2013 budget.

^{c/} Amounts reflect funding at the agency request level. The chart on the following page shows amounts available for IT investments at the reduced and OMB guidance levels of the fiscal year 2014 budget.

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IT INVESTMENTS, FISCAL YEAR 2014

Capital Element	Reduced Level	Increase	OMB Guidance	Increase	Agency Request
1. Mainframe	\$0	\$1,000,000	\$1,000,000	\$0	\$1,000,000
2. Network operations	0	500,000 <u>a/</u>	500,000	105,000	605,000
3. Infrastructure replacement	0	0	0	0	0
4. IT tools and systems	0	0	0	300,000	300,000
5. E-Government	0	260,500 <u>b/</u>	260,500	0	260,500
6. Risk management and privacy	0	0	0	295,000	295,000
7. Systems modernization	0	2,750,000 <u>c/</u>	2,750,000	0	2,750,000
8. Enterprise Human Resource Integration	0	0	0	0	0
9. Financial Management Integrated System	0	0	0	0	0
10. Continuity of operations improvements	0	0	0	1,054,000	1,054,000
11. Digitization of legal opinions	0	1,000,000	1,000,000	0	1,000,000
Emergency IT reserve	500,000	(500,000)	0	0	0
Non Capital Plan Element					
12. IT task orders	0	0	0	50,000	50,000
TOTAL	\$500,000	\$5,010,500	\$5,510,500	\$1,804,000	\$7,314,500

a/ Reflects the cost to replace storage area network (SAN) equipment.

b/ Represents costs for the Employer Reporting System.

c/ Increase includes \$2.1 million for the SPEED project, \$400,000 for the Employer Contribution and Collection System, and \$250,000 for the MILEs project to review programs accounts receivable processing systems.

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1. Capital Element: Mainframe

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$0	\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000

Agency Strategy and Benefits: The mainframe computer system has a vital role as the hub of the agency’s enterprise infrastructure, running mission-critical applications and databases. The agency relies on the mainframe to:

- Perform large-scale transaction processing.
- Support a large number of users and application programs concurrently accessing numerous resources.
- Manage large volumes of information in databases.
- Handle large-bandwidth communication.

The agency’s current mainframe computer is an IBM z9 based platform put in operation in 2008. We measure the need to change the mainframe by capacity need and hardware life cycle.

Each year, there is a greater reliance on technology to save FTEs and gain operational efficiencies. The RRB continues to explore and implement new opportunities to automate more of our business processes. However, with increases in automation come increases in computer processor usage/need. Our strategy is to handle capacity growth with capacity upgrades within the system first, if possible, before upgrading to a new generation of hardware. There can be significant one-time third-party software costs associated with an upgrade in capacity.

Mainframe computers, like other server platforms, need periodic replacement. The agency uses ten critical decision factors in determining when we will transition to the next generation of mainframe computer. These decision factors fall into four major categories -- availability of support, functionality, pricing incentives and stability of workload. The most critical decision factors are those that involve support issues and pricing.

Benefits of mainframe replacement/upgrade
<ul style="list-style-type: none"> • Utilization of more efficient and advanced technology, resulting in increased productivity level and improved service to the public. • Proactive replacement of equipment mitigates the risk associated with system downtime. • Mainframe replacement improves capability to process a variety of job types simultaneously at very high utilizations.

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Risks of delay
<ul style="list-style-type: none"> • Delays in paying retirement/ survivor and unemployment/sickness insurance benefits. • Productivity decreases, downtime or total equipment failure. • Workload processing inefficiencies.

Fiscal year 2014

We plan to upgrade the mainframe in fiscal year 2014. By then, the RRB’s mainframe will be more than two generations old. Operating system support, Architectural Level Sets (ALSs), and withdrawal marketing and support dates are key factors in determining the maximum amount of time we plan to continue using the current generation of mainframe. In addition, maintaining the z9 based mainframe may not be optimal from a total cost of ownership perspective.

The associated costs for this project include the mainframe computer itself and system assurance meetings prior to shipment of equipment, shipping, installation and configuration services to switch out the existing mainframe computer and install the new device. There also will be software costs due to the changeover to the new operating system.

Mainframe Replacement	
Hardware	\$485,000
36-month maintenance	82,000
Migration services	20,000
Software	44,000
party software	369,000
Total first year implementation costs	\$1,000,000

Note: All pricing is based on a bundled solution and must be ordered as a total hardware, software and maintenance solution.

Fiscal years 2015 – 2017

There are no plans for changes to the mainframe system in these fiscal years. However, vendor business practices can change this position and we may be forced to accelerate a migration sooner to a new generation of mainframe.

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2. Capital Element: Network Operations

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$117,019	\$0	\$605,000	\$250,000	\$250,000	\$250,000	\$1,472,019

Agency Strategy and Benefits: The RRB strives to provide the most resourceful and efficient computing environment to pay benefits to the right people, in the right amounts, in a timely manner, while taking appropriate action to safeguard our customers’ trust funds. This computing environment requires a strong network to connect the equipment that supports the computer processing at its headquarters and links to the agency’s field office systems.

It is fundamentally important that a reliable network infrastructure be in place to minimize any chance of disruption. Reducing energy use and environmental impact remain top priorities. Exploring cloud and shared solutions and consolidating distributed assets increases efficiency also reduces the agency’s environmental footprint.

The heart of the RRB’s network is a data center that runs the applications that handle the core business and operational data of the agency. This capital item supports planned improvement projects for the agency’s servers and associated components, such as telecommunications and storage systems, software, backup power supplies, data communications connections, and environmental controls (e.g. air conditioning, fire suppression). This item also includes contractual assistance and augmentation of agency mainframe and network staff to accomplish the initiatives.

Fiscal year 2014

Storage Area Network Replacement.....	\$500,000
Desktop Virtualization Pilot.....	105,000
	\$605,000

Storage Area Network Replacement -- \$500,000

A Storage Area Network (SAN) and Network Attached Storage make up the agency’s computer network storage infrastructure. The SAN in particular is used to centrally store both mainframe-based and distributed systems-based (personal computer) data for retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families. The SAN provides non-disruptive operations with automated management and protection of data.

The agency’s datacenter has two SAN storage devices, one of which will be nine years old in fiscal year 2014. The driver behind replacing the SAN device is not so much the age of the device but that the SAN manufacturer has informed us that the SAN device will reach its the end-of-service-life as of June 2013. This means that parts and service will no longer be available through the manufacturer. Although third-party suppliers will be available to continue to service the device, the further from end of service life a device ages the more risk

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there is on repair parts availability and / or, more importantly, the technical knowledge to service the device timely.

In fiscal year, 2014 we plan to purchase a replacement SAN device.

Storage Area Network Replacement	
Storage hardware	\$450,000
Installation and configuration services	<u>50,000</u>
Total cost	<u>\$500,000</u>

Benefits of storage area network upgrade

- Continued service to the user community and the agency's customers.
- Improved manageability by pooling previously distributed storage assets.
- Increased overall operational efficiency, improved asset utilization, and accelerated business processes.
- Proactive replacement of equipment mitigates the risk associated with network, server, and system downtime.

Risks of delay

- Potential service disruptions.
- Inability to meet capacity and performance needs resulting from rapidly changing requirements, such as the growth in customer service applications.
- Inability to resume business timely in the event of a man-made or natural disaster.

Desktop Virtualization Pilot -- \$105,000

In fiscal year 2013, the agency budgeted for consulting services to develop the requirements for a small proof of concept pilot desktop virtualization project. In fiscal year 2014, those requirements become the basis for the hardware, software and services to support the desktop virtualization pilot. Information gathered from this pilot project will help us determine if it is cost effective to do a large-scale rollout to the agency's current desktop environment.

Desktop virtualization (or Virtual Desktop Infrastructure - VDI) is a server-centric computing model that borrows from the traditional thin-client model, but is designed to give both system administrators and end-users efficient computing capabilities: the ability to host and centrally manage desktop virtual machines in the data center while giving end-users a full personal

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computer (PC) desktop experience. In a typical VDI solution, the once self-contained desktop is now split into three distinct entities:

1. The desktop operating system and Office-type applications run on a virtual server in the data center;
2. The monitor/keyboard/USB inputs are tied to a thin client on a physical network; and,
3. The files of data that used to be on the desktop are stored centrally on a storage array, which is separate from the virtual desktop.

The three above entities continuously communicate with one another over a shared network.

The intended pilot project will involve a small number of users from both headquarters and the agency's field offices. In addition to implementation services, we also plan to request professional services to assist us to: gauge network latency; analyze what other resources will share the pilot virtualized desktop with the wide-area network; measure capacity around actual peaks and not averages, and; protect the performance integrity of other applications sharing the network.

Virtual Desktop Pilot	
Server and network hardware	\$35,000
Virtual desktop software	30,000
Implementation and assessment services	40,000
Total cost	<u>\$105,000</u>

Benefits of desktop virtualization pilot

- | |
|--|
| <ul style="list-style-type: none"> • Supports continuing service to the user community and the agency's customers. • Proactive replacement of equipment mitigates the risk associated with network, server, and system downtime. • Simplify security patching, reduce virus scanning, and increase data security. • Reduce complexity of computing environment. • Eliminate software distribution. • Reduce application variability. • Reduce hardware costs. |
|--|

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Risks of delay
<ul style="list-style-type: none">• Productivity decreases due to downtime or total equipment failure.• Service disruption.

Fiscal years 2015 – 2017

Other projects will focus on modernizing the agency's network to make it simpler, less costly to manage, and more responsive to changing government and technology events.

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3. Capital Element: *Infrastructure Replacement*

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$ 0	\$495,710	\$ 0	\$350,000	\$350,000	\$350,000	\$1,545,710

Agency Strategy and Benefits: An information technology (IT) infrastructure provides a critical foundation for the RRB’s mission and business processes. Desktops, notebooks, servers, printers, routers, scanners (among other significant components) are examples of IT equipment that encompass the agency’s IT infrastructure. The cost of keeping matured technology and a staff to support the older equipment, in addition to indirect, hidden costs such as lost end-user productivity and downtime, is higher than the costs associated with the replacement or upgrade of the IT components.

A principle advantage of a scheduled replacement plan is the predictability and stability of the annual budget, an imperative aid in long-term fiscal planning. A critical component of adhering to the replacement cycle of IT equipment is to make acquisition, as much as possible, a consistent and reoccurring event. The resultant aggregation on an agency-wide basis provides two benefits: purchasing larger quantities decreases the average cost per asset, and purchasing in a consistent manner standardizes hardware and software among the employees as they embrace collaboration and teamwork to serve customers. In addition, a standardized and uniform IT environment provides savings from a support and repair perspective. Leveraging modern technology allows the RRB to maintain and improve upon its history of excellent customer service.

The agency’s long-term strategic goal is to systematically replace all IT components according to industry standards in order to provide a stable technology environment. The infrastructure replacement capital item dedicates funds for replacement of the agency’s core IT infrastructure at its headquarters and 54 remote offices according to the RRB’s *IT Equipment Replacement Policy*. Core IT infrastructure elements identified in the policy include:

- Notebook computers
- Monitors
- Personal desktop computers (not including monitors)
- Printers
- Routers/switches
- Peripheral equipment, e.g. card readers for personal identification verification cards and personal digital assistants (PDA’s)
- Scanners
- Network Servers

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Fiscal year 2014

All equipment scheduled for replacement in fiscal year 2014 based on our *IT Equipment Replacement Policy* will be deferred to subsequent fiscal years. Funds that normally would be used for this capital element will instead, be used to fund the major information technology infrastructure replacements: Mainframe (Capital Element No. 1) and Network Operations (Capital Element No. 2) - Storage Area Network.

Fiscal years 2015 – 2017

The RRB will continue to replace IT equipment, in accordance with the replacement cycle, as funding is made available to ensure that the agency is providing the most efficient and reliable services to its constituents.

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4. Capital Element: IT Tools and Systems

FY 2012	FY 2013	FY 2014	FY 2015	FY2016	FY2017	TOTAL
\$102,881	\$350,000	\$300,000	\$200,000	\$200,000	\$200,000	\$1,352,881

Agency Strategy and Benefits: Technology can be used to collect, analyze, and package information so that it becomes a useful tool for the agency’s information technology and business professionals. These technology tools create knowledge about how to better serve our customers, develop innovative ideas, and speed implementation of new hardware and software systems.

This capital element includes technology tools to provide programmers, system engineers, technicians and system support staff with the ability to move development forward, improve the efficiency and effectiveness of the system development life cycle, and help business processes throughout the agency operate more effectively and efficiently. Projected costs for new or upgraded software tools and systems can include customization, if necessary, staff training and knowledge transfer about the software tool or system.

Fiscal year 2014

Electronic Records and Content Management (ERCM) System -- \$300,000

A key contributor to an enterprise's efficiency and effectiveness is how quickly and accurately its information workers can find and use content and data. Without properly designed and governed information architecture, an enterprise's effectiveness can be diminished. To address the challenges associated with preserving the vast and rapidly growing volume of agency electronic records and respond to the legal, statutory and regulatory federal requirements of holding and transferring those records, the RRB plans to develop and implement an Electronic Records and Content Management System (ERCM). ERCM system solutions apply established record management policies to paper-based and electronic records to achieve legal compliance and ensure governance of the information assets.

Development and implementation of the ERCM will take three fiscal years. This multi-year approach allows the RRB to spread the cost of the project over future years to allow for funding other needed IT projects. In fiscal year 2013, we will utilize consulting services to assist RRB staff in determining overall system requirements and creating a pilot ERCM program. Following implementation of the pilot program, we plan to fully implement the ERCM system in fiscal year 2014, and continue using the consultant’s assistance in fiscal year 2015 to make final adjustments based on experience from the system’s operation and to provide agency-wide training on the use of the software.

When complete, the ERCM system will identify, maintain, classify and dispose of RRB electronic records, including e-mail, according to specified records disposition policies.

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Benefits of an electronic records management system

- Allows for consistent management of electronic records and policies.
- Meets regulatory and compliance requirements (e.g. compatibility with DOD Electronic Records Management Software Application Design Criteria Version 2 (DOD 5015.2-STD), Federal Enterprise Architecture (FEA) Records Management Profile version 1.0 and other applicable OMB guidance, including minimizing legal and electronic discovery risks).
- Protects vital records.

Risks of delay

- Current systems are not in compliance with NARA records management regulation (36 CFR CHXII Section 1228).
- Current systems are not in compliance with E-discovery requests related to the Federal Rules of Civil Procedure leaving the agency vulnerable to significant legal vulnerability including sanctions, fines, and costs related to the use of court-mandated private search firms.

Fiscal years 2015 – 2017

Electronic Records Content Management (ERCM) system

Full implementation of the ERCM system is planned for fiscal year 2015, following implementation of a pilot ERCM system (with related consultant assistance).

Computer Telephony Integration

Customer service will be enhanced by a computer telephony integration (CTI) application. A CTI application retrieves data from automated systems and displays it to facilitate the work of customer representatives. The CTI-resulting display is commonly called a “screen pop,” because of the way caller information automatically appears or “pops up” on the computers of customer service representatives as calls are connected. “Screen pop” technology would work with the RRB’s toll free telephone service to eliminate manual searches for records of previous calls or benefit information.

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5. Capital Element: E-Government

FY 2012	FY 2013	FY 2014	FY 2015	FY2016	FY2017	TOTAL
\$0	\$100,000	\$260,500	\$200,000	\$200,000	\$200,000	\$960,500

Agency Strategy and Benefits: The E-Government capital element focuses on alternative delivery of services beyond traditional means. Specifically, E-Government offers the RRB an opportunity to examine its current operations and procedures, identify business processes and practices that can be streamlined, implement streamlined business processes, and implement new technologies that enhance improvements. A properly implemented E-Government solution allows the agency to focus its resources on other service delivery efforts.

Cloud computing is an important IT service delivery model for reducing costs and driving operational efficiency. In OMB Memorandum 10-19, the President directed that agencies are expected to adopt cloud computing solutions where they represent the best value at an acceptable level of risk. In addition, the National Institute of Standards and Technology (NIST) released several documents on cloud security, including NIST Special Publication SP 800-144 “Guidelines on Security and Privacy in Public Cloud Computing.” The Federal Risk and Authorization Management Program (FedRAMP) is also enabling cloud adoption by helping agencies identify security requirements and support the continuous monitoring cloud service providers.

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.

Fiscal year 2014

Employer Reporting System -- \$260,500

In December 2003, we initiated the Internet-based Employer Reporting System (ERS) for rail and labor employers to file reports of service and compensation needed to determine eligibility under the Railroad Retirement and Railroad Unemployment Insurance Acts. The goals of the ERS project are:

- to provide employers with electronic-based alternatives to the 74 paper-based forms exchanged between rail employers and the RRB,
- increase efficiency by reducing manual handling, and
- enhance security and protection of personally identifiable information (PII).

When ERS is complete, the Internet-based service will provide employers with a secure and efficient way to provide information to the RRB for their employees. Previously, the employers’ only option to provide this information was by mail or fax.

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Because of the large number of paper-based forms and processes needing conversion, the project is divided into phases over multiple years. Improvements implemented since 2003 allow employers to report via the agency's website such items as compensation adjustments (Form BA-4) and address information for newly hired employees (Form BA-6). Employers can also receive and submit determinations on employee protests of service and compensation (Forms GL-129 and GL-129a), and respond to prepayment notices of employees' applications and claims for benefits under the Railroad Unemployment Insurance Act (ID-4K) and notices of RUIA claim determinations (ID-4E). Conversion of more forms is also scheduled to follow.

In fiscal year 2009, the RRB shifted to a different software framework for ERS. The shift was due, in part, to a technical architectural decision that all new application development at the agency use Microsoft's .NET Framework. As a result, activities in fiscal year 2009 and part of fiscal year 2010 centered on the conversion of the ERS from an SAS based system to Microsoft's ASP.Net programming software. During this time, no additional services were added. However, with the new programming platform in place ERS has consolidated paper based forms into on-line services. Contractor support has been used for this project to provide technical programming expertise and assist agency staff to ensure that work is completed on schedule.

In fiscal year 2014, we plan to use contractor services to assist agency staff in developing an on-line version of Form BA-9, Report of Separation Allowance or Severance Pay. We also plan to develop an automated referral process in ERS to notify employers of errors or the need for additional information and provide a means for correcting the data. Forms G-117a, GL-99 and G-132 will add three additional services to the system for a total of four in fiscal year 2014.

Benefits of the Employer Reporting System
<ul style="list-style-type: none">• Automates the referral process between rail employers and the agency and adds additional services to the system.• Improves customer service and speeds initial annuity processing due to faster employment verification.• Enhances stewardship by securing and protecting personally identifiable information.

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Risks of delay

- Paper-based processes must be continued until on-line services are available.
- Slow employment verification. (Currently employers are sent paper listings of records that need correction. Employers must manually make corrections and return the corrections, which in turn need to be manually entered into an agency system.)
- The many manual steps and changing of ‘hands’ places PII at risk.
- Potential loss through mailing.

Fiscal years 2015 – 2017

Employer Reporting System

There are still many other opportunities to further enhance the Employer Reporting System and add functionality to streamline the business interactions with rail employers and improve timeliness and accuracy of benefit payments.

In 2015, we will continue to develop additional notifications for employers that provide information about benefit payment and eligibility. The annuity estimate, AESOP, Form G-73a.1, Notice of Death and Form RL-5a, Notice of Annuity award will add 3 additional services to the system. By replacing these paper-based processes, we will improve customer service by providing information to employers that affects their own benefit payments to their employees. These processes will also further our efforts to enhance stewardship by securing and protecting personally identifiable information. If not accomplished, the RRB will continue to send employers paper listings and notices of employee awards and eligibility data which could get lost or delivered to someone for whom it was not intended. These manual processes continually put PII at risk.

IVR-WEB Identity and Access Management System

The RRB’s ability to serve its customers would be enhanced by an identity and access management (IAM) system that enables a rail industry employee or RRB beneficiary to access the RRB’s Interactive Voice Response (IVR) HelpLine and the RRB’s website services using a single PIN/Password. Currently, users must establish and maintain separate and distinct passwords on each system. The IAM system will make access to RRB systems more user-friendly by allowing the use of single password across systems and allowing users to change their password through either system.

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6. Capital Element: Risk Management and Privacy

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$35,000	\$0	\$295,000	\$200,000	\$200,000	\$200,000	\$930,000

Agency Strategy and Benefits:

The agency relies on a complex and constantly evolving information technology infrastructure to deliver its mission. This infrastructure, however, is under perpetual attack by a variety of sources, from novice hackers to sophisticated groups that seek to gain or deny access to, disrupt, degrade, or destroy the systems and the data contained therein. These threats will likely expand over time as more of our critical infrastructure is connected to the Internet, and malicious cyber activity grows in volume and becomes more sophisticated and targeted, creating ever greater potential for more severe consequences.

The agency retains primary responsibility for securing and defending its own network and critical information infrastructure from cyber attacks. The agency’s risk management and privacy strategy is to make attacks ineffective through prevention and detect successful attacks by enabling surveillance. This strategy is accomplished through the complementary use of technology, such as firewalls, integrity checkers, virus scanners, intrusion detection systems, anti-virus software and other special security devices, and well-trained personnel. The agency strategy is complimented by following various information security best practice federal laws and mandates, e.g. FISMA, HSPD-12, FDCC, etc. While executing this strategy, the RRB also takes the protection of privacy and civil liberties seriously.

Funding of the risk management capital plan element will provide for a variety of information security and privacy program activities.

Fiscal year 2014

Intrusion Detection System.....	\$200,000
Log management / SIEM tool.....	75,000
Forensic Recovery Evidence Device (F.R.E.D.)	20,000
	\$295,000

Faced with an increasingly dangerous threat environment, the RRB relies on a sophisticated hardware and software defense that utilizes carefully monitored and maintained firewall technology, anti-virus and anti-malware software, and intrusion detection systems to prevent viruses, worms, spam and malicious content from infiltrating the agency’s network, as well as to ensure that critical data and sensitive information are not compromised. This hardware and software tends to reach end-of life at a much faster pace than traditional hardware and software due to the evolving nature of security threats.

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Intrusion Detection System (IDS) -- \$200,000

The RRB is required to ensure that all of our information systems meet FISMA standards. Implementing the information security controls identified in NIST 800-53 series¹ ensures that the RRB is meeting the FISMA requirements. The intrusion detection system falls under the Information System Monitoring (SI-4) security control in the NIST 800-53 series as a required control that the RRB must implement. This security control requires the RRB to monitor the information system to identify internal and external security threats and to deploy an automated intrusion detection tool that supports near real-time analysis of events.

Benefits of an Intrusion Detection System
<ul style="list-style-type: none">• Risk mitigation.• Detects attacks and indicators of potential attacks.• Identifies unauthorized use of the information system.• Establishes the required level of security set forth in the FISMA requirements.• Provides newer development platform.• Improves the RRB's computer security defenses.• Provides more complete, reliable, and trustworthy information for authorizing officials to assist in making informed security authorization decisions.

Risks of delay
<ul style="list-style-type: none">• Compromise of the information system (i.e. viruses, unauthorized access, etc).• Breach of Personally Identifiable Information (PII).• Deterioration of the agency's ability to defend against unauthorized access to our information system due to a toolset inadequate for defense.• Technology no longer commercially supported.

Log Correlation/Security Information and Event Management (SIEM) Tool -- \$75,000

Log Correlation/SIEM tool is used on enterprise data networks to centralize the storage and interpretation of logs, or events, generated by other software running on the network. Such a tool will allow the agency to troubleshoot application problems and investigate security incidents in minutes instead of hours or days, monitor to avoid service degradation or outages and deliver compliance at lower cost. The related NIST 800-53 series control is Auditable Events (AU-2).

¹ Security and Privacy Controls for Federal Information System and Organizations, SP NIST 800-53 series. The current release of this guidance is revision 3, but an updated revision 4 will be finalized later in the year 2012.

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Benefits of an SIEM tool

- Risk mitigation.
- Establishes the required level of security set forth in the FISMA requirements.
- Provides newer development platform.
- Automates collection of audit events from all RRB information devices.
- Performs after-the-fact investigations of security incidents.
- Archives audit events as required in a centralized storage area.

Risks of delay

- Cannot confirm unauthorized access to information system.
- Cannot provide required audit events for security investigations.
- Technology no longer commercially supported.

Forensic Recovery of Evidence Device (F.R.E.D.) -- \$20,000

The purchase of a new F.R.E.D. with EnCase Enterprise software is necessary due to the current FRED's end of service life in fiscal year 2014, according to the product's life cycle. The F.R.E.D appliance is used for computer forensics. Utilizing a F.R.E.D. system with EnCase Enterprise software allows us to not only collect digital evidence in a forensically sound manner, but also to analyze the data without any possibility of alteration, for example, to analyze a computer system after a break-in to determine how the attacker gained access and what the attacker did. The Encase Enterprise software feature will give our security analysts the ability to thoroughly search, collect, preserve, and analyze to analyze data from servers to workstations on our network without disrupting operations. The F.R.E.D. is also used to recover data in the event of a hardware or software failure, and to gain information about how computer systems work for the purpose of debugging, performance optimization, or reverse-engineering. The related NIST 800-53 series security control is the Incident Handling (IR-4) security control.

Benefits of F.R.E.D. replacement

- Risk mitigation.
- Establishes the required level of security set forth in the FISMA requirements.
- Provides newer development platform.
- Implements an incident handling capability for security incidents.
- Provides capability to assist in RRB e-discovery requests.
- Supports digital forensic investigations (i.e. improper usage, unauthorized access, etc).

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Risks of delay
<ul style="list-style-type: none">• Not able to implement effective incident response investigation.• Not able to supply needed evidence for RRB e-discovery process.• Technology no longer commercially supported.

Fiscal years 2015 – 2017

The cyber threat is constantly evolving, requiring the agency to continually evaluate its capabilities and supporting technology. In line with its mission, the RRB will continue to upgrade its cyber security capabilities, using both proven and emerging technologies, to secure and defend against threats from cyberspace. We will continue with projects that ensure that our systems and policies comply with the law and RRB policies related to security and privacy.

Some projects planned for the fiscal year 2015 – 2017 timeframe include:

- IP version 6 implementation for internal network applications.
- Self-encrypting computer tape drives,
- Database encryption (external, mainframe/DB2 and server/SQL), and
- Contractor services to determine requirements for accepting externally-issued identity credentials.

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7. Capital Element: System Modernization

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$180,600	\$0	\$2,750,000	\$500,000	\$150,000	\$150,000	\$3,730,600

Agency Strategy and Benefits: Over the last few years the RRB has taken significant strategic steps to improve its computer processes, first by moving to a relational database environment, and next by optimizing the data that resides in its databases. The next strategic step is to take advantage of the optimized relational database structure to modernize the agency's computer systems and automate manual processes that support such systems.

Many of the RRB's existing systems are old and complex and require a large investment in maintenance from both a technical and business perspective. The data optimization process and the agency's own analysis have pointed out opportunities for modernization. Because of the complexity and size of this project we are taking a multi-year, multi-phased approach. The underlying principle is that modernization is not re-engineering a particular application or system; it involves a holistic approach to building an information infrastructure to support the RRB's critical business processes. By modernizing its systems, the RRB will ultimately decrease the time and cost to develop and operate the systems, allowing us to focus on new initiatives that will improve business practices and save or control costs.

Work continues on converting existing processing to access the master database instead of the legacy tables. Access to each Master Database table will be granted once System Modernization has eliminated its legacy source. We plan to use contractor services to supplement agency resources assigned to this project because these services have proven essential to its success. Contractor services have ensured that the project does not stall due to staffing constraints or legislative changes and they have provided a knowledge transfer to the agency's staff that will be used long after the contractors have completed their tasks.

In addition to modernizing the agency's mainframe based computer programs, there are 28 old LAN-based computer programs in need of modernization. These LAN-based systems are based on an outdated database management system and use an old mainframe screen scraping technology. Commercial support for these technologies has since ceased. When written, these programs eliminated some of the manual benefit processing not addressed by the main benefit payment and recovery systems. Although functioning, these outdated systems are becoming more difficult to maintain under the newer server platforms. Following a risk assessment in fiscal year 2011, contractual services were engaged in fiscal year 2012 to modernize the most critical legacy LAN-based computer programs into one of the agency's enterprise programming platforms, for example, Microsoft .Net.

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Fiscal year 2014

System Processing Excess Earnings Data Application Improvements.....	\$2,100,000
Employer Contribution and Collection System Conversion.....	400,000
FMIS Module Interface of Legacy Systems (MILeS).....	250,000
	\$2,750,000

System Processing Excess Earnings Data Application Improvements -- \$2,100,000

Funding is needed for contractual support to complete its System to Process Excess Earnings Data (SPEED). Once completed, SPEED will automate time consuming and complex manual processing of annuity adjustments resulting from post retirement work/earnings by employee and spouse annuitants. We expect automation of this workload to reduce FTEs and to reduce improper payments through more timely handling. This is a slow, manual workload. The performance criteria for this workload illustrates its labor intensive nature: each examiner is allotted 102 minutes per case with an additional 31 minutes when an overpayment is identified.

The SPEED system is being built in phases. Beginning in 2006, we built the required supporting database structure and began systematically developing automation to perform the various computations, operations, and data storage/reporting required to assess work deductions. This automation initiative has slowly replaced manual transaction processing on a transaction-by-transaction basis over a 6-year period using agency information technology development staff. The use of contractor support to complete the project will accelerate implementation and allow us to achieve the resultant cost efficiencies sooner.

The final phases of this effort will address the most complex transactions and system interconnections. Without contractor support, SPEED will compete for scarce internal information technology development resources which could cause it to take many years or delay the effort indefinitely. The size and complexity of the remaining calculations make this a challenging project.

Employer Contribution and Collection System (ECCS) Conversion -- \$400,000

In 2001, the RRB implemented a Railroad Unemployment Insurance Act (RUIA) collection system; a desktop application written in Visual Basic 6.0 hosted in an SQL7 database. This implementation replaced the original collection recording system which was an RBase application. In 2002, the first electronic Form DC-1s (Employer's Quarterly Report of Contributions) were accepted from RRBLINK and the database was migrated to SQL2000. In 2008, the RRBLINK web-based collections and cash management application was replaced by Pay.gov, a web based payment system hosted by the Department of the Treasury.

Railroad Unemployment Insurance Act collection is managed through the ECCS system, which produces deposit data that is input into the FFS general ledger through manually prepared standard vouchers (SVs). On an annual basis, ECCS records approximately \$175

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million in unemployment contributions, interest, and penalties for approximately 650 railroad employers. ECCS receives and reconciles data from internal programs at the RRB as well as external data from Pay.gov, the Treasury Reporting System (TRS) and the Secure Data Transfer (SDT) system. The ECCS system is a desktop application modified to improve RUIA collection functionality and reporting of railroad unemployment contributions. It is operated as a standalone system and provides information that is manually entered into the general ledger using SVs.

RRB continues to operate ECCS; however, there is limited technical support for this application. In addition, the current system does not support:

- Ability to efficiently reconcile annual data, track differences and reduce errors by establishing automated processes;
- Ability to produce custom user reports;
- Ability to account for commercial debt reported to the US Treasury on the Treasury Report of Receivables; and
- Enhanced security which might allow IRS data migration for reconciliation of RRTA information.

For fiscal year 2014, the RRB plans to obtain contractual services to implement the integrated functionality for collection activities into the core Federal Financial Management Information System from a shared service provider's hosted environment.

With the implementation and migration to a new collection system, the RRB will become substantially compliant with guidance in Office of Management and Budget (OMB) Circular A-127, which mandates the use of a core financial management system by a shared service or commercial provider. Further, the shared service or commercial provider will have responsibility for technology hosting, as well as administration and application management from their data center.

The new ECCS will include such automated functionality as:

- A complete running history and permanent audit trail of all collections, charges, adjustments and activity on employers,
- Capability to distinguish between accounts in good standing and those requiring further collection activities,
- Online or batch processing input, and ability to track the due process stage of an employer debt, (Under the Railroad Unemployment Insurance Act, employers are afforded the right to review, waiver consideration and appeal of agency decisions. Collection efforts may not continue, in most cases, while due process decisions are pending.)
- User reporting capabilities, and
- Automated letter and noticing functionality, which will adhere to collection guideline timeframes.

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Benefits of ECCS conversion and modernization

- Savings of approximately 1 FTE – through attrition of IT support and tax reconciliation process.
- Cost savings due to the reduction or elimination of printing and mailing costs as more electronic correspondence and payments are used.
- With increase use of electronic data and reports, cost savings from reduced printing costs and storage costs.
- Cost savings due to reduced operations and maintenance costs for newer technology, e.g. Certification & Accreditation costs.
- More timely information for RRB management and leadership team.
- Improved data management, data quality, and internal controls will reduce
- the risk of fraud, improper payments, and potential errors.
- Improved technology will result in better security to meet evolving requirements and threats, and better protect the private information, thereby, reducing the risk of data loss and any segregation of duties issues.
- Supports OMB directive to Federal agencies to migrate to an SSP environment.

Risks of delay

- No vendor support.
- The agency may be able to continue operating ECCS in the short term; however, much of the staff with ECCS knowledge will reach retirement age in the near term.
- Difficulty in maintaining the system to implement future mandated Treasury initiatives.

FMIS Module Interface of Legacy Systems (MILeS) -- \$250,000

The RRB's accounts receivable are recorded and managed in the Program Accounts Receivable (PAR) system, which generates a monthly summary trial balance that is manually recorded in the RRB's general ledger. Approximately 40,000 new debts are established and 80,000 cash receipts are recorded annually in the PAR system. Most PAR system transactions are received through interfaces with several other internal and external systems and are posted mechanically.

A contractor will be tasked to review in fiscal year 2014, with RRB input, existing accounts receivable business practices and processes; PAR automation processes; and PAR interactions with agency business partners, e.g. other federal agencies and other RRB applications and systems. The contractor will also be required to provide a preliminary project plan for the

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conversion of PAR to the shared service provider and a requirements definition document, with recommendations based on the gap analysis.

Benefits of the FMIS Module

- | |
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| <ul style="list-style-type: none">• Reduced operating costs (staff-hours and supplies) resulting from new and improved technology/functionality.• Improved data management, data quality, and internal controls will reduce the risk of fraud, improper payments, and errors; and, meet the requirements of the Improper Payments Act.• Ability to meet FISMA requirements with better security to identify evolving threats, protect personally identifiable information, and reduce the risk of data loss.• Improved internal controls and segregation of duties.• Compliance with OMB directive to migrate to an SSP environment. |
|--|

Risks of delay

- | |
|---|
| <ul style="list-style-type: none">• Inability to maintain in-house corporate knowledge of the system due to the retirement of current staff.• Loss of trust fund revenue.• Inability to maintain the PAR system in the future as information technology staff with PAR knowledge reach retirement age in the next few years.• Inability to implement future mandated OMB/Treasury initiatives. |
|---|

Fiscal years 2015 – 2017

Program Accounts Receivable System Conversion

Conversion of the RRB's Program Accounts Receivable (PAR) system to a debt collection system from the same SSP selected for the RRB's financial management system.

General Ledger Integration of Benefit Payment Sub-Systems

Internal control and efficiency of operations would be strengthened by integration of benefit payment systems with the general ledger through implementation of a system that summarizes payment information directly from source data and automates preparation of journal vouchers. Currently daily and monthly payment activity originating in the benefit payment major application is manually summarized and recorded in the agency's general ledger via manually prepared journal vouchers.

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The RRB will continue modernizing high value/high risk applications using knowledge gained from the redesign efforts and subsequent application modernizations, and in the elimination of redundant databases. Contractor services to supplement agency resources may be needed to ensure that the project does not stall in the event of staffing constraints.

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8. Capital Element: *Enterprise Human Resources Integration*

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$0	\$180,000	\$0	\$240,000	\$0	\$0	\$420,000

Agency Strategy and Benefits: Enterprise Human Resources Integration (EHRI) is one of five Office of Personnel Management (OPM) led e-Government initiatives along with e-Clearance, e-Payroll, e-Training, and Recruitment One-Stop intended to leverage the benefits of information technology. EHRI is designed to transform the way Federal HR specialists and managers access human resource information, and the way all Federal employees access their personnel file information.

OPM's vision for these initiatives, when combined with OPM's Retirement Systems Modernization initiative is that of an interlocking enterprise system based on the employee lifecycle. These interrelated initiatives reduce the amount of paper used by automating business processes, and streamline and improve the processes for moving Federal employees through the employment lifecycle. Collectively, these initiatives help make Government more citizen-centered and results oriented.

OPM, working with OMB, has advised agencies that they will have to convert the paper-based Official Personnel Folders of their employees to an electronic format (or eOPF) by December 2013. The eOPF is the digitized recreation of the paper personnel folder and contains the official records required for an employees' Federal career. With eOPF, all agency employees will be able to view their own OPF through a secure web-enabled solution.

In fiscal year 2013 the RRB budgeted \$180,000 for the assessment and the "backfile" conversion of the paper documents to an electronic format. The Office of Personnel Management's EHRI Project Office will provide the RRB technical support and administrative services related to eOPF.

Fiscal year 2014

No Enterprise Human Resources Integration initiatives are planned for this reporting period.

Fiscal years 2015 – 2017

Implementation of the electronic Official Personnel Folder (eOPF)

In fiscal year 2015, the RRB plans to contract with OPM for implementation services to complete the conversion to the electronic Official Personnel Folder (eOPF) solution. These services include acquisition of licenses, system configuration of the eOPF system at the hosting facility, system testing at the development and production environment, transition to support, training, and first year hosting and maintenance costs.

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9. Capital Element: *Financial Management Integrated System*

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$1,800,000	\$3,562,000	\$0	\$0	\$0	\$0	\$5,362,000

Agency Strategy and Benefits: Federal Management Line of Business (FMLOB) guidance mandated that agencies, which are seeking to significantly upgrade or modernize to a different core financial management system, migrate to an approved Federal or commercial shared service provider. Further, OMB anticipated that within 10 years of the most recent FMLOB guidance, agencies would have decided to migrate their technology hosting and administration and application management to a shared service provider.

The RRB’s legacy financial management system, Federal Financial System (FFS), reached its end of life cycle in fiscal year 2003. While the FFS continues to meet the financial processing and reporting requirements of the RRB, conversion to a shared service provider hosted solution follows OMB Circular A-127 for migration to a shared service provider environment while removing the risk associated with dependence on a system that has reached its end of life cycle.

Based on an analysis of the RRB’s current financial management system in 2010, management selected migration to a designated shared service provider (SSP) as the best strategy to close current and potential performance gaps and optimize future staff resources. In 2011, RRB initiated the migration process by:

1. preparing an OMB Exhibit 300 for Financial Management System Modernization to secure funding for the project,
2. contracting with KPMG LLP to provide pre-migration services including a full requirements analysis, statement of work and Request for Proposal (RFP) for financial management application services, and
3. allocating staff composed of key business and IT stakeholders to work as a team to support pre-migration and migration activities.

The current timeline calls for selection of an SSP in 2012 and commencement of migration activities to the SSP’s hosted environment.

In fiscal year 2013, \$3,562,000 will be used to migrate the system to a cloud and/or shared service provider. We envision a multi-phased project approach. The tasks will be divided among three stages: pre-migration planning, migration, and post-migration.

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Benefits of migration to a shared service provider

- Compliance with the business processes established by the Financial Systems Integration Office (FSIO).
- Improved end-user reporting capabilities.
- Reduced operations and maintenance costs from using a newer technology, for example certification and accreditation costs would be reduced.
- More timely reports and data for analysis and management use.
- Improved data management, data quality, and internal controls, which reduce the risk of fraud, improper payments, and other potential errors.
- Better security to meet evolving requirements and threats, protect private information, reduce the risk of data loss, and aid in the segregation of duties.

Risks of delay

- No vendor support for the current system.
- The agency's current FFS financial management system is not compliant with the Federal Financial Management Requirements for Core Financial Systems. FSIO testing of core financial systems requires systems to meet 100 percent of mandatory requirements; however the current system was only able to meet eight of the 48 requirements.
- Continued support of the current system will be problematic in the future as much of the staff with specific skills and knowledge will reach retirement age over the next decade.
- Difficulties in maintaining the system to implement future mandated OMB/Treasury initiatives.

We plan to complete conversion of the financial management information system to a shared service provider in fiscal year 2013.

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10. Capital Element: *Continuity of Operations Improvements*

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$64,500	\$0	\$1,054,000	\$100,000	\$100,000	\$100,000	\$1,418,500

Agency Strategy and Benefits: Federal Emergency Management Agency and Homeland Security Department directives (Federal Continuity Directive 1 and 2) require Federal agencies to create and maintain a Continuity of Operations (COOP) plan. COOP planning is a good business practice and part of the fundamental mission of agencies as responsible and reliable public institutions. Today’s changing threat environment and recent emergencies, including localized acts of nature, accidents, technological emergencies, and military or terrorist attack-related incidents, have increased the need for COOP capabilities that enable agencies to continue their essential functions across a broad spectrum of emergencies and when normal, standard operations become overwhelmed. This environment, coupled with the potential for terrorist use of weapons of mass destruction, has emphasized the importance of COOP programs that ensure continuity of essential government functions across the Federal government.

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 to operations. 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 or earthquake type of event 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.

Fiscal year 2014

Virtual Tape Library (VTL) at Remote Site.....	\$970,000
Upgrade data link between RRB HQ and remote site.....	<u>84,000</u>
	\$1,054,000

Virtual Tape Library at Remote Site -- \$970,000

In 2012, we began a project to modernize the magnetic tape cartridge storage infrastructure used by the RRB’s mainframe production environment by replacing the 13-plus year old automatic tape library mechanical arm hardware device with a virtual tape library (VTL) system. The VTL uses disc drives in place of magnetic tapes.

Under a remote VTL system, mainframe data would continue to be encrypted and then transmitted to the agency’s disaster recovery facility and stored on the remote VTL daily. Encrypted backup tapes will continue to be created for distributed systems and transported to the National Archives and Records Administration (NARA).

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Virtual Tape Library Hardware and Installation

Virtual Tape Library hardware	\$900,000
Installation services	70,000
Total cost	<u>\$970,000</u>

Benefits of the Virtual Tape Library
<ul style="list-style-type: none">• Replaces the need for mainframe tape secure storage at NARA.• The mainframe will no longer need the ATL robotic arm to load production tapes.• Meets recovery time objectives and recovery point objectives in a more cost-effective way.• Mitigates data center downtime and data loss in the event of a system outage.

Risks of delay
<ul style="list-style-type: none">• Weekend backups will continue to be at least a day, if not more.• Since tape backups are done on a weekly cycle, it is possible that one week's transactions could be lost in the recovery process.• Nightly backups may not be possible using the slower tape drives.• Production runs are at medium risk given the age of the ATL.

Upgrade Data Link between RRB HQ and Remote Site -- \$84,000

Additional bandwidth will be needed between the agency's disaster recovery facility and RRB headquarters at a projected cost of \$7,000 per month from the agency's telecommunications provider. This solution will incorporate WAN optimizers and preferably a DS3 line for speed. These data transmission lines to the disaster recovery facility will also facilitate open systems backup data transmission.

Benefits of upgrading bandwidth
<ul style="list-style-type: none">• Support service-level targets to criticality of key business systems• Improve recovery point objectives (RPOs) that require low data loss

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Risks of delay
<ul style="list-style-type: none">• Increased potential to miss Support service-level targets to criticality of key business systems• Weaken recovery point objectives (RPOs) that require low data loss

Fiscal years 2015 – 2017

The RRB will continue to focus on obtaining a variety of new and upgraded software and hardware systems to support the agency’s continuity of operations. For example, disaster recovery network reconfiguration planning exercises revealed that server-based critical applications are stored throughout the server environment, making backup for restoration time-consuming, costly and non-responsive to business requirements. We may use contractor services to assist agency staff to reconfigure the server-based critical applications for ease of backup and restoration. The reconfiguration will also provide metrics for storage space required for the backup.

Risk reviews, testing, and expansion of telework, are also critical elements of continuity of operations planning that may be considered.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2012 - 2017

11. Capital Element: *Digitization of legal opinions*

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY2017	TOTAL
\$0	\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000

Agency Strategy and Benefits: The RRB has a total of 258 loose-leaf three ring binders of Legal Opinions of the General Counsel, with each binder containing 150-200 legal opinions consisting of an average of 300-350 pages single sided. The Legal Opinions address legal issues that have been considered by the General Counsel since formation of the agency. The documents vary in format, including print, onion-skin, carbon copies, and photocopies. The Legal Opinions range in age from 78 years to one month, and oldest are becoming unusable. Currently, an opinion on a specific topic is located by using a paper digest card summary.

The RRB plans to digitize and catalog the Legal Opinions so they are electronically retrievable by Board staff and the public, including attorneys, claimants, railroad employers, etc. without concerns that an opinion has been compromised in any way. Storage in electronic format will preserve irreplaceable original agency reference documents. Electronic search and retrieval will increase access and reduce search time.

It is estimated that inaccessibility of current paper format reduces agency usage to approximately 130 hours and \$4,800 in staff time per year. The loss of public access is speculative because the opinions may now be searched only in the Chicago office. Availability of prior legal guidance will also increase payment accuracy by use of correct legal guidelines in difficult cases. Preventing just two erroneous widow annuity awards per year would save approximately \$30,000 in erroneous payments annually for the life of the annuitant. A conservative estimate of annual savings would be \$35,000.

Fiscal year 2014

Digitization of legal opinions -- \$1,000,000

In fiscal year 2014 contractor services will be obtained to plan for and convert the agency's Legal Opinions into an electronic format. The electronic images will be indexed and cataloged for retrieval by RRB staff through the agency's Intranet and the public through www.rrb.gov.

Fiscal years 2015 – 2017

No further initiatives are planned for this reporting period.

RAILROAD RETIREMENT BOARD
Information Technology (IT) Capital Plan
FY 2012 - 2017

12. Non-Capital Element: IT Task Orders

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	TOTAL
\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000

Agency Strategy and Benefits: Task orders offer the agency an opportunity to quickly and efficiently purchase IT services including staff augmentation, computer programming, hardware, software, and other IT-related services.

Task order contracts are a method of rapid procurement of IT professional services with predetermined contractors at competitive rates. Task order contracts allow the agency to enter into contracts before the specific service/product requirements are known. A task order contract obligates a contractor to render services or deliver products as ordered from time to time by the agency, and the contractor is pre-qualified to do work for the RRB. This type of contract puts the contractor on standby. The contract statement of work is a general description of the services or products the contractor will be obligated to produce on demand. After the contract award, the agency will issue, as needed, task orders to specify detailed requirements. The task order contract, with its simplified process and unique fast-track rules, is used to save time and money in the long run.

Fiscal year 2014

Emergency Business System / Application Restoration Services -- \$50,000

Funding for expert IT professional services is necessary in the event of resource availability shortages and restoration time constraints to facilitate the continuity of operations in an emergency situation.

Fiscal years 2015 – 2017

In fiscal years 2015 through 2017, we will use contractor resources either on a task-order basis to augment IT staffing resources with specialized skill sets, as an alternative to filling vacant positions, or to accelerate the implementation of projects within the Information Technology Capital Plan.

Small Agency FY 2014 Budget IT Exhibit 53A (SACC-Ex53A)

Agency:	Railroad Retirement Board
Date of submission:	10-Sep-12
Prepared by:	Robert LaBerry, Chief Enterprise Architect

Amounts are in millions of dollars													CALCULATED			STAFF COSTS (BY only -- i.e., FY 2014)						
Current Ull	Investment Category	Part of Exhibit 53	Type of Investment	Investment Title/Account Title	Investment Description	DME Agency Funding (\$M) 2012	DME Agency Funding (\$M) 2013	DME Agency Funding (\$M) 2014	O&M Agency Funding (\$M) 2012	O&M Agency Funding (\$M) 2013	O&M Agency Funding (\$M) 2014	Prior Year	Current Year	Budget Year	Cloud Computing Alternatives Evaluation	Cloud Computing Spending 2012	Cloud Computing Spending 2013	Cloud Computing Spending 2014	Number of Government FTEs (BY) Column 35:	Percentage of Investment Cost for Government FTE (BY)	Government FTE Costs (BY)	
												2012	2013	2014								
xxx-xxxxxxx (investment id-comprised of 3-digit MAX code for agency, plus a unique 9-digit agency id for each investment)	0, 24, or 48	1, 2, 3, 4, 5, or 6	1,2,3 or 4	Investment #1	Text explaining investment.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,2,3 or 4	0.00	0.00	0.00	0.00	0%	0	
446-000000001	0.00	2.00	1.00	Mainframe	Replace existing mainframe put into operation in 2008	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	4.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
446-000000002	0.00	2.00	1.00	Network Operations	Replace existing SAN & pilot virtual desktops	0.00	0.00	0.11	0.00	0.00	0.50	0.00	0.00	0.61	3.00	n.a.	n.a.	0.11	n.a.	n.a.	n.a.	
446-000000003	0.00	1.00	1.00	IT Tools & Systems	Phase II of Electronic and Content Management System	0.00	0.30	0.30	0.00	0.00	0.00	0.00	0.30	0.30	4.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
446-000000004	24.00	1.00	1.00	E-Government	Subsequent phase of ERS project for on-line forms for employers	0.00	0.10	0.26	0.00	0.00	0.00	0.00	0.10	0.26	4.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
446-000000005	0.00	2.00	1.00	Risk Management & Privacy	New Log Correlation/SIEM tool, and replace IDS & FRED	0.00	0.00	0.00	0.04	0.00	0.30	0.04	0.00	0.30	4.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
446-000000006	0.00	1.00	1.00	System Modernization	SPEED appl. improvements, ECCS replacement & FMIS Module study	0.18	0.00	2.75	0.00	0.00	0.00	0.18	0.00	2.75	1.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
446-000000007	0.00	2.00	1.00	Continuity of Operations Improvements	Virtual tape library & data link upgrade	0.06	0.00	1.05	0.00	0.00	0.00	0.06	0.00	1.05	4.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
446-000000008	0.00	1.00	1.00	Digitization of Legal opinions	Convert Legal opinions to electronic format	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	3.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
446-000000009	0.00	2.00	2.00	IT task orders	For staff augmentation, installation & config Serv	0.00	0.00	0.00	0.00	0.05	0.05	0.00	0.05	0.05	4.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Funding source code (Budget Acct B)	n.a.	n.a.	n.a.	Budget Account Name (for Account "B")	n.a.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	

NOTE: Funding source breakout lines should add to dollars in investment line. Funding amounts should represent "budgetary resources" (i.e., budget authority, fees, other).

Guidance document is at: <https://max.omb.gov/community/x/BQKWJQ> (see the Ex. 53-300 FY 2014 Combined Guidance document, of June 21, 2012)
 Other helpful information is also posted on this page, such as the June 2012 training slides used for the training provided for IT Dashboard agencies.

Page 19 of the FY 2014 guidance addresses definitions for columns A, B, C, D, and P. Funding totals are categorized as to use for either Development, Modernization, Enhancement (DME) or Operations and Maintenance (O&M), as defined on pp. 6 and 10, respectively of the FY 2014 guidance.

Agencies should consult with their Budget Office or CFO regarding the correct OMB Budget Account codes (for the MAX A-11 system) for any account; valid accounts for the FY 2014 cycle for agencies' IT budget requests are posted at: <https://max.omb.gov/community/x/6KBnJQ> (see the Data Dictionary - Enumerations file's "Budget Accounts" tab)

RAILROAD RETIREMENT BOARD

Proposed Legislative Program for Fiscal Year 2014

Agency's Legislative Program Proposals

1. **Amend the Railroad Retirement Act to provide that, notwithstanding any other law, employees of covered employers shall be issued social security numbers.**

Under Immigration and Naturalization Service rules governing when non-resident aliens may be issued a social security number, non-citizens who reside outside the United States do not qualify for social security numbers. However, employers covered under the Railroad Retirement Act are required to report employee earnings to the Railroad Retirement Board using a social security number.

Consequently, the Railroad Retirement Board is unable to readily retrieve an individual record for approximately 300-400 employees annually, primarily railroad employees who reside in Canada and perform some of their railroad work in the United States.

Under this proposal, all railroad employees must be given social security numbers, which would facilitate the processing of earnings records of railroad employees who are not resident in the United States.

2. **Amend the Railroad Retirement Act to allow the Railroad Retirement Board to utilize various hiring authorities available to other Federal agencies.**

Section 7(b)(9) of the Railroad Retirement Act contains language requiring that all employees of the Railroad Retirement Board, except for one assistant for each Board Member, must be hired under the competitive civil service.

Elimination of this requirement would enable the Railroad Retirement Board to use various hiring authorities offered by the Office of Personnel Management.

RAILROAD RETIREMENT BOARD

Relationship of Programs to Account Structure
(in thousands of dollars)

	<u>2014 Estimates</u>	
	<u>Budget Authority</u>	<u>Outlays</u>
60-0111-0-1-601		
Dual Benefits Payments Account.....	39,000	39,000
60-0113-0-1-601		
Federal Payments to the Railroad Retirement Accounts.....	1,186,056	1,186,056
60-8010-0-7-601		
Social Security Equivalent Benefit Account.....	7,090,000	7,060,000
60-8011-0-7-601		
Railroad Retirement Account.....	5,098,000	5,084,000
60-8118-0-7-601		
National Railroad Retirement Investment Trust.....	2,028,000	2,028,000
60-8237-0-7-601		
Limitation on Administration		
OMB Reduced level	108,300	108,300
OMB Guidance level.....	114,000	114,000
Agency Request level.....	119,158	119,158

RAILROAD RETIREMENT BOARD

Relationship of Programs to Account Structure
(in thousands of dollars)

<u>Summary</u>	<u>2014 Estimates</u>	
	<u>Budget Authority</u>	<u>Outlays</u>
Federal funds (see previous page) ^{1/}	1,225,056	1,225,056
Trust funds (see previous page) ^{2/}	14,216,000	14,172,000
Deductions for offsetting receipts:		
Intrafund transactions (OASDI transfer) ^{3/}	(4,091,200)	(4,091,200)
Intrafund transactions (NRRIT transfers) ^{3/}	(1,954,000)	(1,954,000)
Proprietary receipts from the public ^{4/}	(502,000)	(502,000)
Interfund transactions ^{5/}	<u>(1,186,056)</u>	<u>(1,186,056)</u>
TOTAL	<u>7,707,800</u>	<u>7,663,800</u>

^{1/} Represents budget authority and outlays for the Dual Benefits Payments Account and the Federal Payments to the Railroad Retirement Accounts.

^{2/} Represents budget authority and outlays for the Social Security Equivalent Benefit Account, the Railroad Retirement Account, and the National Railroad Retirement Investment Trust (NRRIT). Excludes the Limitation on Administration.

^{3/} Represents the financial interchange transfer amount of \$4,091,200,000 expected from the Social Security Administration's Old Age and Survivors Insurance and Disability Insurance (OASDI) Funds and a transfer of \$1,954,000,000 from the NRRIT to the Railroad Retirement Account.

^{4/} Estimate of interest and dividends on non-Federal securities earned by the NRRIT.

^{5/} Represents budget authority and outlays for the Federal Payments to the Railroad Retirement Accounts.

RAILROAD RETIREMENT BOARD**Program Evaluation Agenda as of July 2012****Medicare**

- *Contractor evaluation*
RRB's Unemployment & Programs Support Division evaluates operations of the Medicare Part B contractor serving RRB annuitants. The evaluations include measuring the contractor's performance against established criteria and standards for the Medicare program.
Frequency: Series of reviews each year
- *Validation and special studies*
RRB's Policy and Systems (P&S) and Program Evaluation and Management Services (PEMS) components work together to perform various validation and special reviews to provide management assurance that specific processes are operating as designed, to identify problems, or identify waste, fraud or abuse.
Frequency: Ad hoc

Retirement and Survivor Benefits

- *Quality assurance analysis*
PEMS develops case and payment accuracy statistics for application processing and post-adjudication processing operations through reviews of randomly sampled process outputs. These statistics are key indicators of the effectiveness of various processes within the retirement and survivor program and are reported in RRB's Performance and Accountability Report (P&AR).
Frequency: Series of reviews each year
- *Medical vendor reports*
PEMS prepares performance reports on the timeliness of consultative medical examinations and medical opinions provided by contractors for disability cases. The reports show vendor performance against standards specified in the contract.
Frequency: Monthly
- *Occupational disability reports*
PEMS reports on the volumes of occupational disability decisions completed during the month, and provides breakdowns of the decisions by process, body systems, job types, and costs.
Frequency: Monthly
- *Occupational Advisory Committee review*
Advisory doctors, representing the rail industry (labor and management) are authorized by law to review agency medical decisions.
Frequency: Periodic

RAILROAD RETIREMENT BOARD

Program Evaluation Agenda as of July 2012

- *Occupational disability quality assurance reviews*
Consulting physicians under contract with the agency perform a quality review of documentation of disability determinations to ensure adequate support for the medical decisions.
Frequency: Quarterly
- *Disability program and data analysis*
A Disability Program and Data Analysis Officer was hired in 2010 to conduct ongoing data reviews to proactively seek out and identify potential program vulnerabilities.
- *Reconsideration reversal of disability determinations*
PEMS reports on the number of, and reasons for, reversals of initial disability determinations at the first step of the appeals process and tracks trends over time.
Frequency: Annual

Unemployment and Sickness Insurance Benefits

- *Review of claims processing*
PEMS conducts an end-of-line review of randomly selected unemployment and sickness insurance claims to determine whether they were correctly adjudicated. Reports provide statistics of case and payment accuracy used in RRB's P&AR.
Frequency: Annual

Railroad Retirement/Survivor and Unemployment/Sickness Insurance Benefits

- *Debt reports*
PEMS prepares comparisons of Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA) entitlement debt from year to year.
 - RRA reports include categories of debt, number of debts established, dollar amounts of debts established, the number of debts related to cases in pay status, and ratios for the number of debts to cases in pay status and the amount of debt to the dollar amount of RRA benefits paid.
 - RUIA reports include categories of debt, number of debts established, dollar amount of debts established, amount of benefits paid, number of claims received, and ratios for the number of debts to claims and the amount of debt to the dollar amount of RUIA benefits paid.
 Frequency: Annual

RAILROAD RETIREMENT BOARD**Program Evaluation Agenda as of July 2012**

- *Validation and special studies*
PEMS performs various validation and special reviews to provide management assurance that specific processes are operating as designed, to identify problems, or to identify waste, fraud or abuse.
Frequency: Ad hoc

- *Program integrity*
PEMS prepares a report of the volumes, dollars, and time spent on all program integrity activities conducted throughout the agency. The report provides a benefit/cost ratio for overall program integrity activities which is included in the P&AR.
Frequency: Annual

- *Customer service*
PEMS consolidates agency customer service data and reports actual performance in meeting published customer service timeliness standards.
Frequency: Semi-annual

- *American Customer Service Index (ACSI)*
PEMS coordinates surveys of various customer segments with the Federal Consultant Group and their affiliates from the University of Michigan. This may include telephone surveys of core benefit groups such as retirement, survivor, disability or unemployment/sickness insurance beneficiaries, and year-long, on-line surveys of visitors to the agency website.
Frequency: Periodic (as funding allows)

- *Annual Federal Managers' Financial Integrity Act (FMFIA) certifications*
Responsible officials throughout the agency perform annual certifications under the FMFIA of various programs and processes. The purpose of the review is to ensure that there are effective internal controls in place.
Frequency: Series of reviews each year

- *Improper payments*
PEMS develops estimates of improper benefit payments as required by the Improper Payments Information Act, the Improper Payments Elimination and Recovery Act and defined by OMB guidance. The results of this analysis are included in the agency's P&AR.
Frequency: Annual

RAILROAD RETIREMENT BOARD

Schedule of Program Evaluation Resources
(in thousands of dollars)

<u>ORGANIZATIONAL AREA</u>	2012			2013			2014		
	BA	O	FTE	BA	O	FTE	BA	O	FTE
<u>Program Evaluation and Management Services</u>									
In-house costs: FTE	1,437	1,437	13	1,509	1,509	13	1,534	1,534	13
Other	<u>41</u>	<u>41</u>	<u>n/a</u>	<u>41</u>	<u>41</u>	<u>n/a</u>	<u>41</u>	<u>41</u>	<u>n/a</u>
Agency Total	1,478	1,478	13	1,550	1,550	13	1,575	1,575	13

RAILROAD RETIREMENT BOARD

Financial Management

Vision Statement

The Railroad Retirement Board (RRB) is committed to integrated and automated financial management systems that focus on the agency's mission and accountability. RRB strives to maintain an environment in which program and financial managers work in partnership to ensure the integrity of financial information and use that information to make decisions, measure performance, and monitor outcomes. In this environment, we envision integrated financial management systems with appropriate internal review and controls that provide agency managers with timely, accurate, and easily accessible information. We expect managers throughout the agency to use that information to achieve program objectives in a cost-effective manner and to ensure accountability.

RRB's Financial Management System

Accomplishment of this vision requires an accurate, timely, reliable, and flexible source for all financial and management information within the framework of requirements established by legislative mandates, the Government Accountability Office, the Office of Management and Budget (OMB), and the Department of the Treasury (Treasury).

RRB's strategy is to upgrade its financial system structure by migrating to a designated financial system shared service provider (SSP) in order to meet evolving standards and requirements. Core financial management functions are currently centralized in a legacy mainframe-based system (the Federal Financial System – FFS) which continues to be under a maintenance contract between RRB and CGI. Although FFS met the Core Financial System Requirements that were established by the former Joint Financial Management Improvement Program (subsequently known as the Financial Systems Integration Office (FSIO)), including support of the U.S. Government Standard General Ledger and prompt payment legislation requirements, the 2010 FFS Assessment and Study showed that it no longer meets all the requirements. The study also concluded that maintenance of the system will be placed at increasingly high risk due to loss of experienced staff and difficulty in replacing the skill sets needed to support the legacy software.

FFS, in its current configuration, supports budget formulation and execution, general ledger and trust fund accounting, procurement and accounts payable, and inventory control. (A separate Program Accounts Receivable (PAR) system originally developed using an accounts receivable component of FFS, supports management of receivables arising from benefit payment programs, and complies with debt collection legislation.) In order to successfully migrate its core financial system to a shared service provider, RRB retained the services of a contractor to assist in preparing an OMB Exhibit 300 (Capital Asset Plan and Business Case Summary) which was submitted with its fiscal year 2013 budget request to secure the Development/ Modernization/ Enhancement (DME) funding required for migration. In addition, the fiscal year 2011 budget was re-aligned to maintain a sensitive schedule for migration by funding contractual services for pre-migration activities, chiefly the preparation of a statement of work (SOW) containing a complete

RAILROAD RETIREMENT BOARD

Financial Management

description of the financial management requirements of the RRB that covers the complete range of focus that the new SSP system must address. The RRB is currently completing fiscal year 2012 pre-migration activities which will lead to the selection of a commercial SSP to host its financial management function. Migration will take place during fiscal year 2013, and production in the SSP's hosted environment will begin by fiscal year 2014.

RRB currently utilizes shared service providers for several E-Government functions. RRB uses the travel management services of the Bureau of the Public Debt for change-of-station, and contracted with Carlson Wagonlit Government Travel (CWGT) in fiscal year 2005 to host its electronic travel authorization and vouchering functions under the guidance of the General Services Administration (GSA) Program Management Office (PMO) which provides oversight for E-Government travel. RRB implemented an E-Government travel system with CWGT on September 30, 2006, in compliance with PMO's prescribed completion date for all agencies.

RRB payroll and human resources system support was transferred to GSA in June 2004, as part of the initiative to consolidate Federal Government payroll operations. Data files containing payroll expenses, transit benefit deductions and labor distribution costs are telecommunicated from GSA and support RRB's financial accounting, transit benefit, and cost accounting systems, respectively.

RRB enterprise-wide technical architecture is providing ever-increasing inter-connectivity among RRB's headquarters mainframe, networks, and intranet (Boardwalk); improved environmental security; enhanced network reconfiguration capabilities; and scalable bandwidth to support imaging, the intranet, and future needs. This enables RRB staff to operate more efficiently and effectively while performing fiscal administrative tasks, including collection and dissemination of financial management information and guidance.

A virtual private network extends the efficiency and effectiveness of these systems to RRB field staff by providing full access to all RRB internal systems from remote locations through a secure platform.

Goals and Plans

To guide RRB in continually upgrading and improving its financial systems structure, the Chief Financial Officer has established broad financial management planning goals and implementing plans to fully realize the overall financial management objectives. The goals and the plans, in priority order, are as follows:

- A. COMPLIANCE.** Ensure that financial operations continue to comply with applicable laws, regulations, standards and guidelines, and conform to financial system management controls and information resources management requirements and standards.

RAILROAD RETIREMENT BOARD

Financial Management

Plan: Integrate financial system automation requirements into RRB's *Strategic Information Resources Management Plan* and into the guiding principles, information requirements, and environmental trends of RRB's Enterprise Architecture.

Continue utilizing system administration and IT staff to make targeted upgrades to the current financial system in order to comply with all applicable laws, regulations and Board Orders. Migrate the current core financial system to a shared service provider (SSP) as recommended by the "FFS Assessment and Reporting Study," which is a comprehensive evaluation of RRB's core financial system (FFS) completed in 2010. The assessment considered FSIO requirements, audit and statutory requirements, the agency's financial management system, and its business architecture.

Implement recommendations of RRB's Inspector General arising from annual audits of the financial statements and other reviews of the financial operations of RRB.

Provide for ongoing review of financial management controls in conjunction with the Management Control Review Program.

Status: This goal is being met.

B. PERFORMANCE. Pursue strategies to increase the use of performance information to generate and support systematic performance measurement.

Plan: Tie management and policy purposes to performance reporting in order to tell how much service is provided, but also how well and efficiently. (Integrate purpose and output.)

Identify operating strengths and weaknesses, target areas for improvement, and recognize improvements when they occur (management activity).

Gauge the quality of services through the extent to which program objectives are being achieved (outcome).

Include performance plan requirements in migration to an SSP to generate information that reveals the program's past performance and reflects performance expectations for the future.

Status: This goal is being met.

RAILROAD RETIREMENT BOARD

Financial Management

C. EFFICIENCY. Reduce redundant data entry, storage and processing, and minimize human intervention.

Plan: Analyze additional automated interfaces among the benefit program payment systems and, as recommended by the “FFS Assessment and Reporting Study,” determine data conversion requirements for migration to a shared service provider.

Implement paperless dissemination of financial management information and guidance and paperless collection of financial information wherever appropriate and practical.

Implement paperless drafting, editing, reviewing, and finalizing of written products.

Keep current with Treasury’s “paperless” financial systems initiative by expanding on-line links to Treasury, the Internal Revenue Service and RRB’s financial depositories. These links are replacing paper forms and reports and computer tapes as the primary method of exchanging financial information.

Status: Implementation of automated downloads of data to the quarterly financial statements eliminated all manual data entry from trial balance reports to the financial statements.

Limitations of the legacy benefit systems have delayed automated interfaces to the financial system but future state plans include these interfaces following migration to a shared service provider (SSP). An extensive system of automated interfaces between the benefit payment systems and PAR records debts arising from payment of railroad retirement and unemployment and sickness benefits along with recoveries.

Paperless collection and dissemination of financial information is progressing well. Financial statements, justification of budget requests, Congressional testimony on budget and management issues, and actuarial reports are available to the public on RRB’s website (.rrb).

Budget preparation, management control, Prompt Payment Act, and transit benefit program guidance is available to all RRB staff on Boardwalk.

GSA’s personnel and payroll systems allow RRB employees to view and update selected information in their records.

RAILROAD RETIREMENT BOARD

Financial Management

Paperless methods of drafting, editing, reviewing, and finalizing written materials are being used for various products.

RRB is current with Treasury's paperless initiatives.

D. ACCESS. Improve and facilitate user access to financial information.

Plan: Use existing off-the-shelf management information software products that can supplement the existing core financial systems by retrieving information from the mainframe software in end-user specified formats or office suite formats, with the intent of meeting user requirements.

Status: Data retrieval software products currently give users the ability to extract data from FFS and other mainframe databases in a wide variety of formats, including text reports, spreadsheets, and database tables without involving technical staff.

Consumable supplies are procured on-line through the Internet website of a competitively selected vendor.

We have performed a full requirements analysis with contractual assistance to determine the complete user access requirements to financial information as recommended by the assessment of RRB's core financial system completed in 2010.

E. SUPPORT. Identify requirements for financial systems support to ensure timely and complete accomplishment of current, expanded, and new activities.

Plan: Maintain adequate levels of internal system analyst staffing, and provide training to all staff as appropriate.

Define system and application needs that are essential in performing current, expanded, and new activities.

Integrate new and revised financial system automation requirements into RRB's *Strategic Information Resources Management Plan* and into the guiding principles, information requirements, and environmental trends of RRB's Enterprise Architecture.

Status: This goal is being met.

RAILROAD RETIREMENT BOARD

Financial Management

F. SECURITY, CONTROL AND DISASTER RECOVERY. Improve security, control and disaster recovery capability for information processed and stored on mainframe, local area network, and PC systems.

Plan: In accordance with agency-wide guidance, develop, test, and maintain a disaster recovery plan for financial systems.

Enhance system controls by providing continuous monitoring of changes to hardware, software, or the operational environment.

Status: This goal is being met within the agency-wide disaster recovery plan. We have made necessary updates to security plans, assessment reports, and the charts of controls.

Audit of Financial Statements

RRB complies with OMB Circular A-136 regarding the independent audit of financial statements. The RRB's Office of Inspector General (OIG) funded fixed price contracts for fiscal years 1993 through 1996 to audit the financial statements. The OIG audited RRB's financial statements for fiscal years 1997 through 2011. The purpose of the audits is to determine whether the financial statements present fairly the financial position and the results of financial operations in conformity with generally accepted accounting principles.

The *Auditor's Report* on page 105 of RRB's Financial Statements for Fiscal Year 2011 concludes that the financial statements, including the accompanying notes, present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the financial position of the RRB, its consolidated net cost of operations and changes in net position, and combined budgetary resources as of and for the fiscal years ended September 30, 2011 and 2010; financial condition of the railroad retirement program as of January 1, 2011, 2010, 2009, 2008, and 2007; and changes in the financial condition of the program for the year ended December 31, 2010.

The *Auditor's Report – Emphasis of Matters* on page 106 of RRB's Financial Statements for Fiscal Year 2011 states:

NRRIT

Pursuant to the Railroad Retirement and Survivors' Improvement Act of 2001, the NRRIT is authorized to invest railroad retirement assets in a diversified investment portfolio. As of September 30, 2011, the reported value of the net assets of the NRRIT was approximately \$1.6 billion lower than reported at September 30, 2010. The RRB discusses its relationship with the NRRIT in Note 2 and Note 5 to the financial statements,

RAILROAD RETIREMENT BOARD

Financial Management

and describes the impact of changes in the Treasury Securities and Assets held by the Program on social insurance actuarial projections in Note 15.

Financial Interchange

The RRB discloses transactions with related parties in Note 2 to the financial statements. The RRB, Social Security Administration and Centers for Medicare and Medicaid Services are parties to a financing arrangement described as a financial interchange. Under this arrangement, transfers-in from the Social Security Administration's Old-Age and Survivors Insurance and Disability Insurance trust funds and transfers-out to the Federal Health Insurance trust fund represented approximately \$4 billion (net), or about 40% of the financing sources reported on the RRB's statement of changes in net position for FY 2011 before considering the change in the reported value of NRRIT net assets. For FY 2010, financial interchange transfers of \$4 billion (net) represented about 35% of the financing sources reported before considering the reduction in the reported value of NRRIT assets.

The *Auditor's Report – Compliance with Laws and Regulations* on page 110 of RRB's Financial Statements for Fiscal Year 2011 states as follows:

Our tests of the RRB's compliance with selected provisions of laws and regulations for FY 2011 disclosed no instances of non-compliance that are reportable under U.S. generally accepted government auditing standards or OMB guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

The OIG identified four material weaknesses and one significant deficiency in its *Consideration of Internal Control*, from which excerpts follow.

Material Weaknesses

Information Technology Security – Risk Management Framework

During FY 2011 the OIG evaluated the RRB's information security program pursuant to the provisions of the Federal Information Security Management Act of 2002 (FISMA). OIG auditors found that weaknesses regarding the review of contractor deliverables associated with the risk management framework continue to be found. Although agency managers are working to strengthen controls, management action had either not been completed as of the end of the current reporting period, or had not been in place long enough to permit evaluation.

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Information Technology Security – Applications and Services

During FY 2011, the OIG also identified a material weakness regarding information technology security application services because the RRB continues to use an unsupported server, Windows 2000, as the operating system for some major applications. Although the agency has moved some of the Windows 2000 servers to the virtual environment, this action does not alleviate the problems associated with processing data in an unsupported environment. Uncertainties exist in determining the timeframe in which this situation will be corrected as well as the necessary resources for completion.

Internal Control Over Non-Integrated Subsystems

The RRB's financial reporting control structure is not comprehensive with respect to the reconciliation of the general ledger to non-integrated subsystems. The OIG previously reported this issue as a result of its audits of the agency's financial statements.

The agency has taken action to address this material weakness by performing reconciliations of the various non-integrated subsystems that support financial accounting. Although this shows that progress is being made to address this material weakness, the agency's progress is not yet sufficient to ensure that all of the reconciliations are properly designed and effective.

RRB managers are working to address this weakness.

Budgetary Reporting

The Bureau of Fiscal Operations (BFO) is responsible for preparing agency financial statements, which includes the Statement of Budgetary Resources (SBR). During our fiscal year 2011 audit, we found significant unexplained variances in the September 30, 2011 SBR which resulted in the discovery of material errors of more than \$2 billion, which were corrected by BFO prior to the publication of the statement. We also discovered a \$170 million error in the June 30, 2011 SBR, which was subsequently corrected. In addition, the OIG also identified other numerous instances of ineffective controls for budgetary transactions. As a result of these errors, the OIG has determined that BFO's internal controls over budgetary reporting are insufficient to ensure that a material misstatement would be prevented, detected and corrected on a timely basis.

Management within the Bureau of Fiscal Operations is working to address these weaknesses.

RAILROAD RETIREMENT BOARD**Financial Management****Significant Deficiency****Railroad Audits**

The agency conducts external audits of railroad employers to ensure compliance under the Railroad Retirement and Unemployment Insurance Acts and verifies the accuracy and timeliness of reported compensation and contributions. Although the RRB does not have the authority to audit taxes under the Railroad Retirement Tax Act, agency staff reviews compensation amounts on which these payroll taxes are based. Creditable compensation paid by railroad employers impacts railroad unemployment insurance act contributions, which finances the railroad unemployment and sickness insurance programs. Consequently, audit findings could impact the RRB's trust funds, which are recorded in the agency's financial statements.

As a result of our review of the organizational unit that conducts the external audits, the OIG reported that the unit lacked comprehensive policies and procedures for conducting, reporting and documenting audits to ensure that compensation is reported in accordance with the law. A weak quality control system, the practice of not verifying all employer information with the Internal Revenue Service, and not issuing audit reports in a timely manner increases the risk that railroad reporting errors could remain undetected.

Management in the Bureau of Fiscal Operations is working to address these deficiencies.

Electronic Funds Transfer/Vendor Express

Electronic funds transfer (EFT)

The Debt Collection Improvement Act of 1996 requires that most Federal payments, with the exception of tax refunds, be made by electronic funds transfer (EFT), also known as Direct Deposit. This includes monthly railroad retirement, survivor and disability benefits, as well as biweekly unemployment and sickness insurance benefits.

Treasury regulations require recipients of Federal nontax payments to receive payment by EFT effective May 1, 2011. The effective date is delayed until March 1, 2013, for individuals who were receiving Federal payments by check on May 1, 2011, and for individuals who filed claims for Federal benefits before May 1, 2011, and requested check payments when they filed. Individuals who do not choose Direct Deposit of their payments to an account at a financial institution, would be enrolled in the Direct Express[®] Debit MasterCard[®] card program, a prepaid card program established pursuant to terms and conditions approved by Treasury. The EFT requirement is waived for recipients born prior to May 1, 1921, who are receiving payments by paper check on March 1, 2013; for payments not eligible for deposit to a Direct Express[®] prepaid card account; and for recipients whose Direct Express[®] card has been suspended or cancelled. In addition, this rule establishes the criteria under which a payment recipient may request a waiver if the EFT requirement creates a hardship due to his or her mental impairment or remote geographic location.

RRB has traditionally had strong participation in the Direct Deposit program, and the percentage of payments and dollars made by EFT continues to increase among retirement, survivor and disability beneficiaries.

RRB began offering Direct Express[®] to Railroad Retirement Act (RRA) beneficiaries in March 2011. As of July 1, 2012, there were 1,481 beneficiaries enrolled in the program. Additionally, RRB began offering International Direct Deposit (IDD) in April 2011 to RRA beneficiaries who reside in foreign countries. As of July 1, 2012, there were 1,283 beneficiaries enrolled in the IDD program.

RRB is currently working with Treasury on program changes that will allow child support payments, that are withheld from RRB benefits and paid to State agencies, to be made by EFT. The target date for completion of the changes is August 2012; for payments issued beginning September 1, 2012.

The chart on the following page shows a comparison of EFT payments with non-EFT payments during fiscal year 2012 (through June).

Electronic Funds Transfer/Vendor Express

Payments October 2011 through June 2012

Payment Type	Direct Deposit	Treasury Check
<u>RRA</u> ^{1/}		
Number of payments	4,925,968	310,184
Percent of payments	94.1%	5.9%
Amount of payments	\$8,428,934,775	\$416,761,603
Percent of RRA payment amount	95.3%	4.7%
<u>RUIA</u> ^{2/}		
Number of payments	132,127	11,185
Percent of payments	92.2%	7.8%
Amount of payments	\$81,618,118	\$5,534,174
Percent of RUIA payment amount	93.6%	6.4%

^{1/} In June 2011, 90.9 percent of RRA payments were through EFT; in June 2012, 94.1 percent of RRA payments were through EFT.

^{2/} In June 2011, 90.4 percent of RUIA payments were through EFT; in June 2012, 92.2 percent of RUIA payments were through EFT.

Vendor Express

Vendor Express is the payment system used to make EFT payments to RRB vendors. Vendor Express payments during fiscal year (through June) compare with payments made by Treasury check as follows:

	<u>Vendor Express</u>	<u>Treasury Check</u>
Number of payments (invoices)	10,066	666 ^{a/}
Percent of payments	93.8%	6.2%
Amount of payments	\$10,440,833	\$1,382,378
Percent of payment amount	88.3%	11.7%

^{a/} In some cases, multiple invoices were paid with a single check. The total number of checks prepared was 617.

Space Budget Justification

I. Agency:	Railroad Retirement Board
Bureau:	Railroad retirement Board
GSA Bureau Code:	6000
Date:	September 20, 2012

Railroad Retirement Board (obligations in thousands of dollars)

OMB approved inflation factor:

PART 1: RENTAL PAYMENTS TO GSA

		PY		CY		BY		BY+1	
		SQ FT	\$	SQ FT	\$	SQ FT	\$	SQ FT	\$
			1.70%		1.70%		1.60%		1.60%
II.	GSA rent estimate	387,716	\$6,882	387,716	\$6,960	387,716	\$6,984	387,716	\$7,096
III.	From Worksheet TAB Agency adjustments to the bill:								
	Corrections PY	0	\$0	0	\$0	0	\$0	0	\$0
	Chargebacks:								
	Other adjustments (Trust Fund)	0	(\$2,922)	0	(\$3,160)	0	(\$2,784)	0	(\$2,829)
	Statutorily imposed rent caps	0	\$0	0	\$0	0	\$0	0	\$0
III.	Planned changes to inventory:								
	PY	0	\$0	0	\$0	0	\$0	0	\$0
	CY			0	\$0	0	\$0	0	\$0
	BY					0	\$0	0	\$0
	BY+1							0	\$0
IV.	Requested program changes:								
	PY								
	CY			0	\$0				
	BY					0	\$0		
	BY+1							0	\$0
Total, net rental payments to GSA		387,716	\$3,960	387,716	\$3,800	387,716	\$4,200	387,716	\$4,267

Space Budget Justification

I.	Agency:	Railroad Retirement Board
	Bureau:	Railroad retirement Board
	GSA Bureau Code:	6000
	Date:	September 20, 2012

Railroad Retirement Board (obligations in thousands of dollars)

	PY		CY		BY		BY+1	
	SQ FT	\$	SQ FT	\$	SQ FT	\$	SQ FT	\$
OMB approved inflation factor:		1.70%		1.70%		1.60%		1.60%
PART 1.A: FUNDING SOURCES FOR RENTAL PAYMENTS to GSA								
<u>Funded by direct appropriations:</u>								
Account title and ID code:								
Acct. 1 Limitation on Administration (60-8237-0-7-601)		\$3,960		\$3,800		\$4,200		\$4,267
Acct. 2		\$0		\$0		\$0		\$0
Acct. 3		\$0		\$0		\$0		\$0
Acct. 4		\$0		\$0		\$0		\$0
Acct. 5		\$0		\$0		\$0		\$0
Acct. 6		\$0		\$0		\$0		\$0
Acct. 7		\$0		\$0		\$0		\$0
Acct. 8		\$0		\$0		\$0		\$0
Subtotal, direct appropriations		\$3,960		\$3,800		\$4,200		\$4,267
<u>Funded by other sources:</u>								
Account title and ID Code:								
Acct. 1		\$0		\$0		\$0		\$0
Acct. 2		\$0		\$0		\$0		\$0
Acct. 3		\$0		\$0		\$0		\$0
Acct. 4		\$0		\$0		\$0		\$0
Acct. 5		\$0		\$0		\$0		\$0
Acct. 6		\$0		\$0		\$0		\$0
Subtotal, other funding sources		\$0		\$0		\$0		\$0
Total funding sources (object class 23.1)		\$3,960		\$3,800		\$4,200		\$4,267
Control difference		\$0		\$0		\$0		\$0
PART 2: RENTAL PAYMENTS TO OTHERS								
<u>Non-Federal sources (object class 23.2)</u>								
<u>Federal sources (object class 25.3)</u>								
Total rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0

RAILROAD RETIREMENT BOARD

Employee Relocation Costs

Budget Object Code	2012 Budgeted	2013 Planned	2014 OMB Reduced	2014 OMB Guidance	2014 Agency Request
126. Change-of-station	\$60,000	\$180,000	\$180,000	\$180,000	\$180,000
210. Travel	1,000	3,000	3,000	3,000	3,000
220. Transportation of things	12,000	36,000	36,000	36,000	36,000
252. Government contracts	40,000	40,000	39,000	39,000	39,000
255. Storage of household goods	7,500	22,500	22,500	22,500	22,500
Total	\$120,500	\$281,500	\$280,500	\$280,500	\$280,500

RAILROAD RETIREMENT BOARD

Wellness Initiatives

The Railroad Retirement Board in Chicago, Illinois has an in-house Employee Health Service (EHS), staffed by a Registered Professional Nurse who provides employees with opportunities for health promotion activities and preventative health services. Examples of these are various types of screenings, health education sessions, flu immunizations, yoga exercise classes, a smoking cessation program and a weight loss (Weight Watchers) program. These programs are offered at the worksite and are open to all interested headquarters employees. Some of the programs are also offered to employees in the agency's field offices. Administrative leave is granted to the headquarters employees who participate in the screenings, immunizations and education sessions. Listed below is a summary of the programs and services that have been made available to employees.

Exercise classes are offered on an ongoing basis once a week during lunch time. The RRB has been providing the funding for yoga classes since March 2010. The classes focus on strengthening, stretching and flexibility exercises.

The goal of the **Cardiovascular Disease, Risks and Prevention Program** is to lower the risk of developing cardiovascular disease by providing education, screenings, fitness opportunities, and referral services to employees.

In conjunction with American Heart Month in February, a **Cardiac Risk Screening and Prevention Program and Hypertension Screening Program** is offered to employees at no cost. The cholesterol screening consists of a lipoprotein profile, which provides information about the various significant components of cholesterol. The agency's nurse meets with each employee and reviews the results, counsels the employee on diet/lifestyle changes, answers questions and makes appropriate referrals. The employees also have their blood pressure checked with this program. Any individual with abnormal cholesterol and/or blood pressure results is referred to their physician for further evaluation and is encouraged to return to EHS on a regular basis to have their blood pressure checked.

In addition, a follow-up informational session is offered. Each time this program has been presented, the session has focused on a different topic. Examples are: developing a physically active lifestyle, presented by an exercise physiologist; information on hypertension and stroke, presented by a physician; and a session about heart disease, also presented by a physician.

The Cardiac Risk Screening and Prevention Program is offered on an annual basis so that employees can evaluate the effectiveness of lifestyle changes they have made.

In conjunction with National Nutrition Month in March, programs have been offered on low fat diets, vitamins, fad dieting and how to incorporate dietary lifestyle changes. These sessions have been presented by licensed dieticians.

RAILROAD RETIREMENT BOARD

Wellness Initiatives

A **Smoking Cessation Program** is offered to employees on an annual basis if there is sufficient interest. The program consists of at least six, one-hour sessions designed to address all the aspects of quitting, and includes information on the risks of various cancers, stroke, heart disease, lung disease and the dangers of second-hand smoke. Funding is also available for any agency employee who wants to participate in a smoking cessation program and use the various aids to help them quit.

Fasting Blood Glucose Screening for diabetes is offered to interested employees on an annual basis. Diabetes is not only a chronic medical problem that requires monitoring of blood sugar levels, it is frequently accompanied by cardiovascular, kidney, eye and neurological complications. An informational session focusing on diagnosis, symptoms, complications and treatment is presented by a physician specializing in internal medicine and diabetes. Appropriate referrals are made to any employee who has an abnormal result. Free blood sugar monitors are provided to employees who attend.

The Railroad Retirement Board has also established an in-house **Employee Assistance Program** (EAP), which provides short-term counseling and referral for RRB employees and their family members. The EAP provides counseling for a variety of personal problems and job concerns which can adversely affect the employee's work performance and conduct. Problems may include alcoholism, substance abuse, financial, marital and family distress, mental or emotional illness, job stress and legal matters. As required, the EAP counselor refers employees to appropriate external sources for treatment, rehabilitation, information or other support. Where necessary, the EAP counselor monitors the employee's progress through treatment and rehabilitation.

The EAP counselor and the agency's nurse have collaborated on programs for employees dealing with depression, drug and alcohol abuse awareness, and stress management, utilizing the expertise of well-known facilities such as Hazelden Substance and Alcohol Abuse Treatment Center and The National Depressive and Manic Depressive Association.

AIDS Education. Employees have been provided with a comprehensive AIDS/HIV education session which all agency employees attended. The agency's nurse provides up-to-date information to employees as needed, as well as numerous confidential referral services. Publicity for the annual "World AIDS Day" is distributed throughout the agency.

Cancer Programs, focusing on early detection, treatment and recommended screening schedules, are presented by organizations such as the American Cancer Society and the Breast Cancer Network of Strength.

RAILROAD RETIREMENT BOARD

Wellness Initiatives

First Aid Education has been offered to employees by the American Red Cross, and the RRB maintains an in-house training program for cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) use. The Heartsaver AED classes, which are offered to all headquarters employees, are taught by other agency employees who volunteer their time and have successfully completed the Basic Life Support Instructor Training course taught by an instructor/trainer from Rush University Medical Center's Training Center. The Rush Training Center follows the CPR guidelines of the American Heart Association. The RRB has six AED units which are placed strategically throughout the building.

Influenza immunizations are provided every year to all interested headquarters employees. In fiscal year 2012, a total of 347 employees were immunized for seasonal flu which also included the H1N1 influenza vaccine.

In December 2010, the RRB opened the **Employee Fitness Facility** in the headquarters building. Employees have access to four different types of cardio machines, a weight/resistance machine, as well as stretching, strengthening and balancing equipment. Employees can use the facility before work, during lunch time or after work.