

Decision Tree "C" --The RRB Medicare Program

Program

The Medicare program, as administered by the RRB for qualified railroad retirement beneficiaries, includes entitlement determinations, enrollments, disenrollments, premium collection, inquiry responses, records maintenance, coordination with the Health Care Financing Administration (HCFA) and SSA, and contracting with a Medicare carrier.

Is this program critical to the agency's mission based on "customer" input?

No. When Medicare legislation was enacted in 1966, certain functions were delegated to this agency as a matter of convenience. Our customers are well satisfied with our service and should probably oppose change. However, most functions should be the responsibility of the Health Care Financing Administration.

Can the program be administered as well or better at the State or local level?

No. The RRB Medicare program while transferrable to another Federal agency, cannot be administered as well or better at the state or local level.

Is there any way to cut costs or improve performance by introducing competition?

No. The RRB's Bureau of Law has determined that the adjudication functions performed under the RRA, including the collection of Medicare premiums, are inherently Government functions and cannot be transferred or contracted out without legislative authority. In FY 1992, we competed the Medicare carrier's contract which resulted in improved service and savings. We will continue to look for opportunities to improve our operations and customer service.

How can NPR principles be applied to put customers first, cut red tape and empower employees?

The RRB will continue to reinvent its Medicare operations by aggressively utilizing technology and streamlining the adjudicative process. We have recently implemented one new major on-line system and we are in the process of developing another.

OPTION C-1 TERMINATE RRB MEDICARE INVOLVEMENT

PRO

- RRB would realize an annual reduction of 70 FTE's.
- Would eliminate redundant programs with SSA/HCFA.

CON

- Beneficiaries would no longer receive annuity benefits and Medicare from the same agency. They would have to deal with another agency for their Medicare.
- Since Medicare premiums would no longer be deducted from railroad retirement annuities, direct billing would have to be instituted for those annuitants not entitled to social security benefits. This will increase the costs for the agency handling Medicare.
- Canadian hospital insurance claims are currently paid for out of the Railroad Retirement Account. Different reimbursement and processing systems would need to be established by HCFA, SSA or some other entity.

Summary Cost Information - Medicare Program - Option C-1
Administrative Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	1,916	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	1,916	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes ^c	25	<u>d/</u>	(-24)	(-23)	<u>d/</u>

FOOTNOTES - Option C-1

- a/** Administrative funds include the Limitation on Administration. Excludes an estimated \$3.7 million to be reimbursed by the Health Care Financing Administration (HCFA) for Medicare activities.
- b/** Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA) and the Social Security Equivalent Benefit Account (SSEB).
- c/** Excludes 44 FTE's to be reimbursed by HCFA for Medicare activities.
- d/** Undetermined. Presumes termination in FY 1996.

OPTION C-2 TRANSFER RRB MEDICARE CARRIER ACTIVITIES TO HEALTH CARE FINANCING ADMINISTRATION (HCFA)

PRO

- It is likely this will occur as a result of technological advances in HCFA's claims processing systems.
- Potential cost savings have been presented previously. In 1979, the GAO estimated that \$6.6 million could be saved because of the lower processing costs of the HCFA carriers. In 1984, GAO estimated that about \$7 million could be saved in 1983. In 1990, the Department of Health and Human Services (HHS) Office of Inspector General (OIG) estimated that annual savings of \$9.1 million would be achieved. However, in 1991 the RRB OIG estimated that the savings estimate of \$9.1 million would not be achieved because of unlikely predictions, obsolete cost differentials and incorrect assumptions.
- RRB would realize savings of approximately 2 FTE's because contract oversight would no longer be necessary.
- Reduces functional redundancy between Federal agencies.
- Eliminates disparate handling of Medicare claims because HCFA area carriers apply different medical review standards to claims.

CON

- Potential increased costs to the Federal government because the FY 1994 RRB carrier total unit cost is \$1.49 versus the national average of \$1.66.¹
- Customer service could be negatively impacted during transition.
 - Problem resolution negatively impacted by dealing with 29 carriers;
 - Contrary to high levels of satisfaction expressed in customer survey and focus groups.

¹RRB Medicare contract has been competitively awarded, a process which may be advisable for all HCFA contracts.

Summary Cost Information - Medicare Program - Option C-2
Administrative Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	1,916	1,812	1,707	1,595	8,418
Discretionary Budget Outlays	1,916	1,812	1,707	1,595	8,418
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	25	23(-2)	22(-3)	21(-4)	110(-15)

GAO and the HHS-OIG have estimated annual administrative savings of \$6.6 million to \$9.1 million. These estimates have been criticized by the RRB-OIG as being too high. We estimate that since October 1987, the RRB carrier has saved the Federal government \$32 million in benefit payments because of historically higher payment accuracy rates than the national average of all area carriers.

FOOTNOTES - Option C-2

a/ Administrative funds include the Limitation on Administration.

b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA) and the Social Security Equivalent Benefit Account (SSEB).

OPTION C-3 RESTRUCTURE THE RRB MEDICARE PROGRAM

PRO

- Continued high levels of service and customer satisfaction.
- Continued sole source accountability.
- Close, effective coordination between Medicare program and other RRA retirement/survivor programs.
- Internal streamlining - continued automation of record corrections and of exception referral control.

CON

- Continued redundancy in functions by Federal agencies.
- Continued disparate treatment between railroad beneficiaries and other Americans.

**Summary Cost Information - Medicare Program - Option C-3
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	1,916	1,916	1,811	1,699	8,936
Discretionary Budget Outlays	1,916	1,916	1,811	1,699	8,936
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes ^c	25	25 (0)	24 (-1)	23 (-2)	120 (-5)

FOOTNOTES - Option C-3

- a/ Administrative funds include the Limitation on Administration. Excludes an estimated \$3.7 million to be reimbursed by the Health Care Financing Administration (HCFA) for Medicare activities.
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA) and the Social Security Equivalent Benefit Account (SSEB).
- c/ Excludes 44 FTE's to be reimbursed by HCFA for Medicare activities.

Decision Tree "D" for the Administration of the Railroad Unemployment Insurance Act Program

Program

The railroad unemployment insurance program is provided under the Railroad Unemployment Insurance Act (RUIA). The Act provides for the payment of bi-weekly unemployment benefits to qualified railroad employees who are unemployed, but able to work and available for work. It also provides for the payment of bi-weekly sickness benefits to qualified railroad employees who are unable to work because of illness, injury or maternity.

Is this critical to the agency's mission based on "customer" input?

Yes. The program is an essential part of the agency's mission.

Can it be done as well or better at the State or local level?

Yes. Individual State unemployment systems now cover all other American workers.

Is there any way to cut costs or improve performance by introducing competition?

Introducing competition would not cut costs or improve performance.

If not, how can NPR principles be applied to put customers first, cut red tape, and empower employees?

During fiscal year 1994, customer satisfaction surveys and focus groups were conducted and a customer service plan was developed. Performance is tracked against customer service standards and actions are taken to improve performance, when necessary. Action plans have been developed to improve quality and timeliness and implement cost-saving concepts. In addition, reengineering efforts are underway as part of the agency's streamlining plan to improve operations.

OPTION D-1 TRANSFER THE RAILROAD UNEMPLOYMENT INSURANCE ACT PROGRAM TO THE DEPARTMENT OF LABOR/STATE SYSTEM

PRO

- Eliminates functional redundancy between State and Federal agencies.
- Claimants residing in some States would receive a higher weekly benefit under the State systems compared to benefits currently payable under the RUIA.
- The State systems have either no waiting period or a 1-week waiting period compared to the 2-week waiting period currently required under the RUIA.
- RRB involvement would be eliminated. The rail industry would be treated the same as other industries.
- Eliminates the need for Congress to have to deal with a separate railroad unemployment system.

CON

- Terminates a program which is designed as a daily benefit, consistent with the industry's intermittent employment practices, whereas State programs are based on unemployment measured by weeks instead of days.
- Eliminates the consistent treatment of railroads and their employees. Coverage by State programs would result in different benefit levels, eligibility criteria, etc. based on State of residence.
- Railroads operating in more than one State would have to comply with applicable requirements of the unemployment programs in each of the States. This would result in a greater administrative burden than currently exists with a single system.
- Only 5 States pay sickness benefits. There is no reason to believe the other 45 States would want to operate a sickness insurance program for railroad employees.
- Sickness benefits would have to be addressed by rail labor and management negotiations.

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-1
Administrative Receipts and Expenditures^a**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	17,633	d/	0	0	d/
Discretionary Budget Outlays	17,633	d/	0	0	d/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	266	d/	0 (-261)	0 (-225)	d/

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-1
Trust Fund Receipts and Expenditures**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	68,900	d/	0	0	d/
Governmental Receipts	32,800	d/	0	0	d/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-1
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	17,633	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	17,633	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays ^c	68,900	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipts	32,800	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	266	<u>d/</u>	0 (-261)	0 (-225)	<u>d/</u>

FOOTNOTES - Option D-1

- a/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).
- c/ Includes outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 RUIA benefit estimate is \$102.6 million.
- d/ Undetermined. Presumes transfer in FY 1996.

**OPTION D-2 PRIVATIZE/FRANCHISE THE RAILROAD UNEMPLOYMENT
INSURANCE ACT PROGRAM**

PRO

- Federal government involvement would be eliminated or reduced.
- Employer/employee representatives would be free to negotiate changes in benefit programs without regard to Federal/State legislation.

CON

- Ability to detect and prevent fraudulent benefit claims may be reduced.
- Opportunities/sources available to Federal agencies for recovery of overpayments could not be used.
- Customer surveys and focus groups indicate a high level of satisfaction with the existing program.
- Less liberal sickness benefits would be available in the current state UI system.

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-2
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	17,633	d/	0	0	d/
Discretionary Budget Outlays	17,633	d/	0	0	d/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	266	d/	0 (-261)	0 (-225)	d/

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-2
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	68,900	d/	0	0	d/
Governmental Receipts	32,800	d/	0	0	d/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-2
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	17,633	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	17,633	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays ^c	68,900	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipts	32,800	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	266	<u>d/</u>	0 (-261)	0 (-225)	<u>d/</u>

FOOTNOTES - Option D-2

- a/** Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/** Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).
- c/** Includes outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 RUIA benefit estimate is \$102.6 million.
- d/** Undetermined. Presumes privatization in FY 1996.

**OPTION D-3 RESTRUCTURE THE CURRENT RAILROAD UNEMPLOYMENT
INSURANCE ACT PROGRAM**

PRO

- Customers support continuing the existing program.
- Maintains a system which is responsive to conditions in the railroad industry.
- No additional costs incurred for transition to alternate program.
- Administrative costs and staffing have been reduced while program performance has improved.

CON

- Federal government involvement is still required.

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-3
Administrative Receipts and Expenditures^a**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	17,633	17,633	17,206	16,142	84,329
Discretionary Budget Outlays	17,633	17,633	17,206	16,142	84,329
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	266	266 (0)	261 (-5)	225 (-41)	1,237 (-93)

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-3
Trust Fund Receipts and Expenditures**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	68,900	68,900	67,700	69,800	344,300
Governmental Receipts	32,800	32,800	41,000	115,600	399,600
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Railroad Unemployment Insurance Act Program -
Option D-3
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	17,633	17,633	17,206	16,142	84,329
Discretionary Budget Outlays	17,633	17,633	17,206	16,142	84,329
Mandatory Outlays ^c	68,900	68,900	67,700	69,800	344,000
Governmental Receipts	32,800	32,800	41,000	115,600	399,600
FTE Changes	266	266 (0)	261 (-5)	225(-41)	1,237 (-93)

FOOTNOTES - Option D-3

- a/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).
- c/ Includes outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 RUIA benefits estimate is \$102.6 million.

1. Describe any recommendations offered by the OMB/NPR advisory teams that may have been considered but rejected. Briefly explain why they were rejected.

A. NPR 1 recommended: "Transfer the functions of the Railroad Retirement Board to other agencies." In its September 1994 status report it reported: "NPR's recommendation to restructure the management of railroad industry benefits programs has been deferred indefinitely, and the Railroad Retirement Board has committed to acting on a series of management improvements."

2. List programs, functions, subsidies, or regulatory efforts that are not being considered for Phase II reinvention. Briefly explain why they are being excluded.

A. None have been excluded from the Railroad Retirement Board's recommendations. Further cost benefit analyses will be necessary depending on the specific recommendations adopted.

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UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 N RUSH ST
CHICAGO IL 60611-2092

V. M. SPEAKMAN, JR.
LABOR MEMBER

OFFICE OF LABOR MEMBER

February 24, 1995

The National Performance Review
750 17th Street, N.W.
Suite 200
Washington, D.C. 20006

Attn: Marv Voskhul, Jay Friedman, Jerry Nikolaus

Gentlemen:

As Labor Member of the Railroad Retirement Board, representing the interests of the 1.3 million active and retired railroad workers served by this system, the "customers" of our agency, I am submitting to you, unedited, the assessment of our operations and programs as prepared by our agency managers in response to your request.

It is readily apparent that the majority of the Board wishes to use this assignment for their own purely political motives and does not provide the Administration with the objective evaluation of our programs needed to make an informed decision relative to our operations. The agency team members assigned to respond to your request for an Options Paper are the experts on the Railroad Retirement System. The original document, which I am sending you, reflects decades of collective knowledge as to how our system currently operates and how our programs could be handled differently. Our team members' work was literally gutted by the Management Member of the Board and replaced with purely partisan opinions, without regard to the team members' expertise or customer input. This revision, which has been agreed to by the Chairman of the Board, completely ignores the views of the hundreds of thousands of individuals and families who are served by the railroad retirement system.

It is my opinion that the majority is deliberately misleading the Administration, particularly in the areas of budgetary impact, legislative complexity, and past service liability for the 800,000 plus current beneficiaries of our system, by radically changing our managers' objective analysis to reflect either purely personal views or the views of certain railroad companies. I can assure you that it does not reflect the views of the 1.3 million men and women who depend on this system to protect them from the economic hardships associated with old age, sickness, unemployment and death.

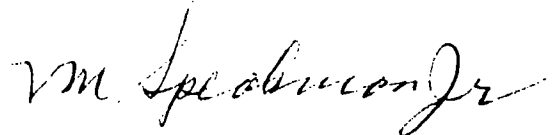
The majority submission will be viewed by those customers of this system as another attempt to circumvent the collectively bargained retirement system for which they have made great sacrifices during the past 60 years, to preserve, protect and improve. The majority submission is nothing more than a blatant attempt to circumvent and/or eliminate many obligations railroad employers now have to their employees. It glosses over the complexity of the suggested changes, minimizes the political backlash that will occur should attempts be made to implement their views, totally disregards the instability that will be created, and does not adequately address the unfunded liability question; that liability presently stands at \$37.6 billion. Nor does it adequately emphasize the projected increase in the Federal deficit, which will amount to \$4.6 billion during the period of fiscal year 1996 through fiscal year 2000.

While it is indeed unfortunate that I must make a separate submission, we firmly believe that NPR II is an inappropriate forum to advance purely personal or partisan objectives, and doing so disregards the Administration's mandate of putting customers first and promoting efficiency and economy in government. Therefore, I would be derelict in my duties if I did not provide the Administration with the unedited views of our agency managers in response to your assignment. It is important to note that the agency's managers' submission was prepared without influence or interference of either labor or management representatives and represents a non-partisan assessment.

While rail labor would not necessarily agree with all aspects of this report and its emphasis in certain areas, it does represent a balanced evaluation of our agency's mission and how that mission can be accomplished.

Please do not hesitate to contact me if I can provide you with any further information.

Sincerely,



V. M. Speakman, Jr.

Enclosure

Railroad Retirement Board

Option Papers NPR Phase II

Overview

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government administering comprehensive retirement, survivor, disability, and unemployment and sickness benefit programs for the nation's railroad workers and their families, under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage.

During fiscal year 1994, retirement-survivor benefits of almost \$8 billion were paid to over 870,000 beneficiaries, while unemployment-sickness benefits of \$66 million were paid to over 40,000 claimants. Agency administrative expenses have historically averaged about one percent of benefit payments.

Origins.--The RRB was created by New Deal legislation enacted in the mid-1930's to consolidate and federalize the nation's private railroad pension plans, which were then far more developed than pension plans in other industries but had been adversely affected by the Great Depression. Rail unemployment insurance legislation followed at the end of the decade because of administrative problems that interstate rail employment caused the new State unemployment insurance plans.

Organization and Staff.--The RRB is headed by three members appointed by the President of the United States, with the advice and consent of the Senate. One member is appointed upon the recommendation of railroad employers, one is appointed upon the recommendation of railroad labor organizations and the third, who is the Chairman, is appointed to represent the public interest. Reporting to the Board are the General Counsel, Director of Programs and Director of Administration. Reporting to them are a total of 20 headquarters bureaus and/or offices. The RRB currently employs about 1,100 full-time equivalent employees in its Chicago headquarters. A field office staff of approximately 400 employees in 90 locations throughout the United States provides direct services to customers. Administrative costs in the current fiscal year are approximately \$94,000,000.

Mission and Goals

The RRB's mission is to administer the retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act, the Railroad Retirement Tax Act and the Railroad Unemployment Insurance Act. The RRB also administers some aspects of the Medicare program for qualified railroad retirement beneficiaries, and has other administrative responsibilities under the Social Security Act and the Internal Revenue Code.

While the railroad retirement program has remained separate from the social security system, the two programs are closely coordinated with regard to earnings credits, benefit payments, and taxes. Legislation enacted in 1974 restructured railroad retirement benefits into two tiers, so as to coordinate them more fully with social security benefits. The first tier is based on combined railroad retirement and social security credits, using social security benefit formulas. The second tier is based on railroad service only and is comparable to the pensions paid over and above social security benefits in other industries. The unemployment and sickness benefit program operates independently of the Federal/State systems.

In carrying out its mission, the RRB strives to pay benefits to the right people, in the right amounts, in a timely manner, treat every person who comes into contact with the agency with courtesy and concern, and respond to all inquiries promptly, accurately and clearly. The performance goals we plan to meet by fiscal year 2000 are to:

- Meet or exceed the timeliness standards in the RRB's Customer Service Plan (attached) for processing retirement, survivor and disability annuity payments.
- Complete all processing for mass adjustments, such as annual cost-of-living increases to the retirement, survivor and disability benefit rolls, within 6 months of the adjustment, and to improve the average time for processing post-award adjustments.
- Maintain the accuracy of retirement, survivor and disability payments above 99.6 percent, and strive for and continuously move toward 100 percent accuracy.
- Meet or exceed the standards in the RRB's Customer Service Plan for processing unemployment and sickness insurance benefits by sending a claim form or making a decision within 15 days of receiving an application, and paying or making a decision within 15 days of receiving a subsequent biweekly claim form.
- Maintain the accuracy of unemployment and sickness insurance benefit payments above 99 percent, and strive for and continuously move toward 100 percent accuracy.

Assessment of Key Functions

Assessment of the key functions for the agency as a whole follows. Assessments of major programs, individually, are attached. In summary, customer surveys and focus groups have indicated that these programs are critical to the agency's mission. Customers have been very satisfied with the service rendered by the agency.

The Railroad Retirement Board recognizes that all its services are financed by our customers: the railroad workers and employers. They are entitled to expect high-quality services, responsive to their needs, provided efficiently at a reasonable cost. This has been recognized in the adoption of the following Policy Statement on Quality:

In carrying out our mission, the Railroad Retirement Board will strive to pay benefits to the right people, in the right amounts, in a timely manner, treat every person who comes into contact with the agency with courtesy and concern, and respond to all inquiries promptly, accurately, and clearly. The Railroad Retirement Board will maintain a work environment characterized by teamwork, respect, and a commitment to doing the job right the first time.

This Customer Service Plan is centered on the following principles of public service: standards, openness, accessibility and accountability. In arriving at this plan, we have considered the findings of a customer satisfaction survey, the results of focus group research, and the responses received on point-of-service evaluation forms. This Customer Service Plan will be published nationally and posted in each office of the RRB in order to communicate these standards to our customers and to reinforce them with our employees. There is a clear presumption that our service will progressively improve as our operations become more efficient. The plan will be reviewed and updated periodically as we gain more experience with it and as we compare our service with the best in the private sector.

U.S. Railroad Retirement Board

Customer Service Plan



U.S. Railroad Retirement Board

844 North Rush Street
Chicago, Illinois 60611-2092

RRB Form IB-3

September 1994

Decision Tree for the Railroad Retirement Board as a Whole

Programs

The Railroad Retirement Board (RRB) administers the provisions of the Railroad Retirement and Railroad Unemployment Insurance Acts as well as certain provisions of the Medicare program. It pays retirement and survivor benefits to railroad employees and their families and unemployment or sickness insurance benefits to railroad employees only.

Are these programs critical to the agency's mission based on "customer" input?

Yes. History has shown that RRB customers and interest groups are very supportive of the agency and are keenly aware of and sensitive to any proposed changes to the programs or to service delivery. Railroad employees consider the railroad retirement system vital to their old age security and have historically identified the agency with the program. Customer surveys and focus groups show that customers are very satisfied with the delivery of the programs.

Can the programs be administered as well or better at the State or local level?

No. Some programs could be transferred to other Federal agencies and one program could be transferred to State agencies. However, there is no evidence that such transfers will result in better service. In some instances they may result in a deterioration in service from the level currently provided by the RRB. One-time costs to effect such moves require detailed analyses and input from gaining agencies. Legislation would be required to make such changes.

Is there any way to cut costs or improve performance by introducing competition?

No. The adjudicative functions performed by the RRB are inherently Government functions and cannot be contracted out or transferred without legislative authority. At the same time, the RRB has successfully improved performance and cut costs by competitively letting contracts for other than inherently Government functions.

How can NPR principles be applied to put customers first, cut red tape and empower employees?

The RRB is aggressively pursuing NPR principles by carrying out its streamlining plans and its reengineering efforts, by implementing recommendations advanced by an in-house task force to improve the timeliness and quality of claims processing, and by implementing specific cost saving suggestions. Customer surveys and focus groups gave high marks to the service provided by the employees of the RRB.

OPTION 1 TERMINATE THE RAILROAD RETIREMENT BOARD¹

PRO

- Eliminate small independent agency from the Federal system.
- If programs are privatized, removes Federal Government involvement in railroad labor/management issues by removing such items from the Federal sector.
- If programs transferred to other agencies, potentially increases service to the public and reduces administrative overhead to the extent that functions are transferred to larger agencies that have more resources at their disposal.
- Railroad retirement trust fund assets would no longer be invested solely in Treasury securities.

CON

- Over 800,000 beneficiaries are now on the Board's rolls.
- If privatized, retirement/survivor program would require Employment Retirement Income Security Act (ERISA) coverage which would increase contributions costs over a 30-year period with an initial increase of approximately 50%. Disposition of \$13 billion reserve would also be problematic.²
- Increase the Federal deficit as the excess of Governmental receipts over mandatory outlays (projected as \$4.6 billion for FY's 1996 to 2000) is removed from the Federal budget.
- Create multiple agencies instead of one for the customers to contact for information and benefits.
- Legislative action would be required to terminate and transfer/privatize major programs which would be opposed by railroad retirement beneficiaries.
- Customer surveys and focus group reports indicate customers are very satisfied with current service.
- Little or no administrative cost savings because these costs are borne almost entirely by the railroad industry.

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(See Footnotes on following page.)

¹ Aspects of this concept are addressed in various scenarios presented in the options papers attached.

² If the railroad retirement system were to be privatized with ERISA coverage, an unfunded actuarial accrued liability estimated at \$37.6 billion under ERISA standards would be created which would need to be amortized. In addition to the normal cost of 6.46 percent of taxable pay, the unfunded actuarial accrued liability would have to be amortized by level annual payments over a 30-year period. If this unfunded actuarial accrued liability were to be funded by railroad management and labor, the current combined railroad retirement tax rate would initially need to be increased from 21 percent to 31 percent. After 30 years the contribution rate would drop to the 6.46 percent normal cost rate. The unfunded actuarial accrued liability reflects the amount needed together with future contributions at the normal cost rate to fully fund benefits for current and former employees.

The costs under ERISA would be higher if plan changes were made to conform to ERISA requirements. For example, (i) current employees who permanently leave the rail industry with less than 120 months of service forfeit the right to a benefit based on the employee's own contribution whereas under ERISA this benefit is nonforfeitable; and (ii) currently all employees are subject to 10 year vesting whereas under ERISA employees not subject to a collective bargaining agreement would be subject to either 5 year vesting or graded 3 to 7 year vesting.

Further problems with privatization include a (i) significant potential liability to the Pension Benefit Guaranty Corporation, (ii) difficulty in assessing a withdrawal liability to railroads that choose to withdraw from the plan and (iii) significant resources may be devoted to cost shifting behavior on the part of the railroads because of the inability to enforce coverage determinations.

Under its existing structure, the system's ability to meet its obligations at the current 21 percent tax rate is illustrated in annual cash flow projections and summarized in the calculation of the actuarial surplus/deficiency based on the following assumptions over a 75-year period: (1) ERISA standards would not have to be applied (2) the current 21 percent combined employer/employee contribution rate would continue, and (3) taxes of both current and future employees, as well as other sources of income to the retirement system, would be used to fund all benefit and administrative costs. Under these assumptions, the actuarial surplus/deficiency of the railroad retirement system under current law as of September 30, 1994, would range from a deficiency of \$3.0 billion to a surplus of \$15.3 billion, depending on the employment assumption used. Under the moderate employment assumption, there is a surplus of \$5.9 billion.

Summary Cost Information^a - Option 1

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	333,359	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	333,359	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays	11,398,000 ^b	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipts	12,200,400	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	1,393 ^c	<u>d/</u>	0 (-1,335)	0 (-1,146)	<u>d/</u>

a/ Administrative funds include the Limitation on Administration and the Special Management Improvement Fund but exclude \$6.7 million for the Limitation on the Office of Inspector General and an estimated \$3.7 million to be reimbursed by the Health Care Financing Administration (HCFA) for Medicare activities. Funding of administrative expenses is provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB), the Railroad Retirement Supplemental Account (RR SUP), and the Railroad Unemployment Insurance Account (RUIA).

b/ Includes outlays for the RRA, the SSEB, the RR SUP, and the RUIA. SSEB outlays include the repayment of the financial interchange advances.

c/ Excludes 44 FTE's to be reimbursed by HCFA for Medicare activities.

d/ Undetermined. Presumes termination in FY 1996.

OPTION 2 RESTRUCTURE THE RAILROAD RETIREMENT BOARD³

PRO

- Maintain programs that are financially stable and where the costs of the programs' benefits and administration are borne primarily by the railroad industry through payroll taxes and where programs are managed efficiently and effectively.
- Under existing funding provisions, substantial payroll tax increases are not now recommended by actuarial valuation.
- Maintain agency where customers are very satisfied with service as shown by results of customer surveys and focus group reports.
- Retain program expertise and systems to accomplish mission without interruptions in service to customers.
- Does not increase the Federal deficit as the excess of Government receipts over mandatory outlays (projected as \$4.6 billion for FY's 1996 to 2000) remains in the Federal budget.
- Maintains \$13 billion reserve in trust funds held by U.S. Treasury.

CON

- Perpetuate small independent agency in the Federal system.
- Fail to capitalize on economies of scale offered by transfer of functions to larger agency.
- Maintain historical Federal government involvement in railroad labor/management issues that may no longer be deemed appropriate.

³ Restructuring the RRB includes carrying out streamlining plans, reengineering efforts, automation plans, cost saving suggestions, and specific improvements in the timeliness and quality of claims processing. It also involves reducing the agency-wide staffing level by over 300 additional employees.

Summary Cost Information^a - Option 2

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	333,359	333,359	314,558	260,957	1,484,389
Discretionary Budget Outlays	333,359	333,359	314,558	260,957	1,484,389
Mandatory Outlays ^b	11,398,000	11,398,400	11,550,000	12,050,100	58,592,700
Governmental Receipts	12,200,400	12,200,400	12,420,900	13,099,600	63,232,900
FTE Changes ^c	1,393	1,393 (0)	1,335 (-58)	1,146 (-247)	6,336 (-629)

a/ Administrative funds include the Limitation on Administration and the Special Management Improvement Fund but exclude \$6.7 million for the Limitation on the Office of Inspector General and an estimated \$3.7 million to be reimbursed by the Health Care Financing Administration (HCFA) for Medicare activities. Funding of administrative expenses is provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB), the Railroad Retirement Supplemental Account (RR SUP), and the Railroad Unemployment Insurance Account (RUIA).

b/ Includes outlays for the RRA, the SSEB, the RR SUP, and the RUIA. SSEB outlays include the repayment of the financial interchange advances.

c/ Excludes 44 FTE's to be reimbursed by HCFA for Medicare activities.

Decision Tree "A"-- The Retirement/Survivor Benefit Program

Program

The Railroad Retirement Board administers a comprehensive program of retirement and survivor benefits for eligible railroad workers and their families. In addition, the agency has administrative responsibilities under the Social Security Act for certain benefit payments.

Is the program critical to the agency's mission based on "customer" input?

Yes. The administration of the retirement-survivor benefit program for eligible railroad workers and their families is critical to the agency's mission based on customer input through statistical surveys and focus groups. A second customer group, the rail industry, is, however, uncertain about the agency's program status. Testimony received by the Commission on Railroad Retirement Reform in 1989 and 1990, from industry interest groups, expressed a variety of opinions on the structure of the programs the agency administers. In its *Final Report*, the Commission considered this "customer" input and recommended the development of alternative systems for newly hired railroad employees only, and proposed transition rules to encourage the development of satisfactory individual company and/or multi-employer pension plans for such new employees. The Commission recommended the continuation of the existing system for existing railroad employees. Since legislation was never introduced to enact these recommendations, the remaining decision points are responded to in the context of the existing system.

Can the program be administered as well or better at the State or local level?

No. The railroad retirement program is similar to a multi-employer pension plan. The administration of a multi-employer private pension plan by a State or local governmental agency is unprecedented. Such a transfer to the State or local level would involve the development of 50 State agencies created for the sole purpose of administering a multi-employer private pension plan. In addition, an oversight bureaucracy would be needed to coordinate financing and to ensure consistency.

Is there any way to cut costs or improve performance by introducing competition?

No. The Deputy General Counsel has determined that the adjudication functions performed under the Railroad Retirement Act are inherently governmental functions which cannot be transferred or contracted out without legislative authority. However, certain additional administrative and support functions may be accomplished through competitive contracting. These alternatives will be considered by the agency's internal Reengineering Team.

How can NPR principles be applied to put customers first, cut red tape and empower employees?

These principles are being actively pursued along two fronts. A benchmarking study is currently underway to compare the initial retirement age and service annuity application process to the "best-in-business" of organizations performing analogous functions. The study team has identified benchmarking partners and will be conducting site visits during March 1995. A final report, describing the performance gaps identified with recommendations and action plans to close those gaps, will be issued after the site visits. A second effort underway is being conducted by an in-house Reengineering Team. This team is about to begin a review of the entire claims handling process, covering all benefit programs, to determine whether any Reengineering principles can be applied. The agency has already conducted comprehensive self analyses in increasing the effectiveness and efficiency of processes. There are action plans in place to implement recommendations made by a Streamlining Task Force and a Task Force on Timeliness and Quality. A separate set of recommendations resulting in cost saving initiatives is also being implemented.

OPTION A-1 TERMINATE THE RETIREMENT/SURVIVOR BENEFIT PROGRAM

PRO

- End Federal involvement in the administration of industrial pension programs payments in excess of social security equivalent benefits such as non-recompensed tier 1, tier 2, supplemental annuities, and vested dual benefits.

CON

- Over 800,000 retired employees and dependents are now on the Board's rolls, and current rail employees have been paying for coverage they are counting on for old age and disability protection.
- Tier 1 (Social Security equivalent) benefits would still need to be administered, most likely as a part of SSA.
- Eliminate a program that is financially stable with Federally mandated withholding taxes and where the costs of the program's benefits and administration are borne primarily by the railroad industry and its employees.
- Existence of \$13 billion in trust funds (combined retirement/survivor and disability).
- Increases the Federal deficit as the excess of Governmental receipts over mandatory outlays (projected as \$4.0 billion for FY's 1996 to 2000) is removed from the Federal budget.
- Customer surveys and focus groups demonstrate that the beneficiaries and workers are very satisfied with current service.
- The RRB is aggressively modernizing its automated systems and downsizing.
- Terminating retirement/survivor benefits for current beneficiaries and eliminating the right to future disability benefits for active employees would be unprecedented and subject to legal challenge.

**Summary Cost Information - Retirement/Survivor Benefit Program - Option A-1
Administrative Receipts and Expenditures^a**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	59,842	f/	0	0	f/
Discretionary Budget Outlays	59,842	f/	0	0	f/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	894	f/	0 (-851)	0 (-727)	f/

**Summary Cost Information - Retirement/Survivor Benefit Program - Option A-1
Trust Fund Receipts and Expenditures**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^c	210,500	f/	0	0	f/
Discretionary Budget Outlays ^c	210,500	f/	0	0	f/
Mandatory Outlays ^d	9,628.700	f/	0	0	f/
Governmental Receipts ^c	10,360.900	f/	0	0	f/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Retirement/Survivor Benefit Program - Option A-1
Trust and Administrative Fund Receipts and Expenditures^a**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	270,342	f/	0	0	f/
Discretionary Budget Outlays	270,342	f/	0	0	f/
Mandatory Outlays ^d	9,628,700	f/	0	0	f/
Governmental Receipts ^e	10,360,900	f/	0	0	f/
FTE Changes	894	f/	0 (-851)	0 (-727)	f/

Development of accurate costs and savings derived would require coordination with SSA to determine their conversion and on going operational costs, with the Department of the Treasury to determine the budgetary impact of trust fund transfers from the Federal sector to the private sector, and with industry representatives to determine the costs of establishing insurance contracts, Taft-Hartley trust funds or private pension plans.

FOOTNOTES - Option A-1

- a/ Administrative funds include the Limitation on Administration and the Special Management Improvement Fund. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB) and the Railroad Retirement Supplemental Account (RR SUP).
- c/ Represents the funding authority and outlay of vested dual benefit payments.
- d/ Includes outlays for the RRA, the SSEB and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.
- e/ Does not reflect the potential Amtrak restructuring. The loss of 5,500 Amtrak employees would result in a reduction of annual tier 2 payroll taxes to the RRA, with an initial annual reduction of approximately \$40 million.
- f/ Undetermined. Presumes termination in FY 1996.

OPTION A-2 PRIVATIZE THE RETIREMENT/SURVIVOR BENEFIT PROGRAM

PRO

- End Federal involvement in an industrial pension program by privatizing non-social security equivalent benefits, supplemental annuities, and vested dual benefits either through contracts with insurance carriers, or the establishment of a private sector Taft-Hartley trust fund, or individually negotiated private pension plans.
- Provide greater leeway in setting the administrative budget and determining internal operations by converting the RRB to a private sector corporation, or quasi-governmental corporation, to administer the non-social security equivalent benefits, supplemental annuities, and vested dual benefits.

CON

- Without Federally mandated payroll tax contributions, the system could no longer be funded on a modified pay-as-you-go basis. ERISA protection would likely require increased employer and employee contributions. Privatizing the system's \$13 billion (combined retirement/survivor and disability programs) would present equity problems.
- Increase the Federal deficit as the excess of governmental receipts over mandatory outlays (projected as \$4.0 billion for FY's 1996 to 2000) is removed from the Federal budget.
- One-time costs will be incurred for the privatization and transfer of functions.
- Without rail labor and management concurrence on privatization, enabling legislation and proper funding would be difficult to achieve.
- Costs to administer current systems are very low in comparison to benefits paid and are borne primarily by the railroad industry through payroll taxes.
- System is very complex.
- Customer surveys and focus groups show that beneficiary and employee customers are very satisfied with current service.
- Tier 1 (Social Security equivalent) benefits would still need to be administered, most likely as a part of SSA.

Summary Cost Information - Retirement/Survivor Benefit Program - Option A-2
Administrative Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	59,842	f/	0	0	f/
Discretionary Budget Outlays	59,842	f/	0	0	f/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	894	f/	0 (-885)	0 (-762)	f/

Summary Cost Information - Retirement/Survivor Benefit Program - Option A-2
Trust Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^c	210,500	f/	0	0	f/
Discretionary Budget Outlays ^c	210,500	f/	0	0	f/
Mandatory Outlays ^d	9,628,700	f/	0	0	f/
Governmental Receipts ^e	10,360,900	f/	0	0	f/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Retirement/Survivor Benefit Program - Option A-2
Trust and Administrative Fund Receipts and Expenditures^a**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	270,342	f/	0	0	f/
Discretionary Budget Outlays	270,342	f/	0	0	f/
Mandatory Outlays ^d	9,628,700	f/	0	0	f/
Governmental Receipts ^e	10,360,900	f/	0	0	f/
FTE Changes	894	f/	0 (-851)	0 (-727)	f/

FOOTNOTES - Option A-2

- a/ Administrative funds include the Limitation on Administration and the Special Management Improvement Fund. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB) and the Railroad Retirement Supplemental Account (RR SUP).
- c/ Represents the funding authority and outlay of vested dual benefit payments.
- d/ Includes outlays for the RRA, the SSEB and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.
- e/ Does not reflect the potential Amtrak restructuring. The loss of 5,500 Amtrak employees would result in a reduction of annual tier 2 payroll taxes to the RRA, with an initial annual reduction of approximately \$40 million.
- f/ Undetermined. Presumes privatization in FY 1996.

OPTION A-3 TRANSFER RETIREMENT/SURVIVOR BENEFIT PROGRAM TO THE SOCIAL SECURITY ADMINISTRATION

PRO

- Reduce overhead and coordination costs and provide increased service by transferring social security equivalent benefit functions to SSA to be administered as part of Title II.
- Provide increased service --more field office locations, more resources to draw from-- by transferring the unrecompensed tier 1, tier 2, supplemental annuity and vested dual benefit entitlements to SSA to be administered as a separate program, similar to the Black Lung program.
- Reduce overhead --and improve coordination-- by combining the RRB with SSA as a Program Service Center for the administration of the unique benefit provisions of the Railroad Retirement Act.

CON

- One-time costs will be incurred for transfer of functions and systems to SSA.
- The retirement/survivor benefit system is very complex.
- Without rail labor and management agreement to seek enabling legislation enactment would be difficult to achieve.
- Costs to administer the retirement/survivor benefit delivery system are very low when compared to benefits paid.
- Customer surveys and focus groups indicate that the beneficiary and employee customers are very satisfied with the program.

Summary Cost Information - Retirement/Survivor Benefit Program - Option A-3
Administrative Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	59,842	e/	0	0	e/
Discretionary Budget Outlays	59,842	e/	0	0	e/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	894	e/	0	0	e/

Summary Cost Information - Retirement/Survivor Benefit Program - Option A-3
Trust Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^c	210,500	e/	0	0	e/
Discretionary Budget Outlays ^c	210,500	e/	0	0	e/
Mandatory Outlays ^d	9,628,700	e/	0	0	e/
Governmental Receipts	10,360,900	e/	0	0	e/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Retirement/Survivor Benefit Program - Option A-3
Trust and Administrative Fund Receipts and Expenditures^a**
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	270,342	e/	0	0	e/
Discretionary Budget Outlays	270,342	e/	0	0	e/
Mandatory Outlays ^d	9,628,700	e/	0	0	e/
Governmental Receipts	10,360,900	e/	0	0	e/
FTE Changes	894	e/	0 (-851)	0 (-727)	e/

Based on information developed by the Commission on Railroad Retirement Reform in 1990 and information provided by SSA to that Commission, SSA estimated that the first-year conversion costs for the social security equivalent benefits would range from 1,000 to 1,800 workyears or \$32.5 million to \$56.5 million. SSA has also estimated that, on an ongoing basis, the processing of railroad retirement beneficiary claims would require 300 to 600 full-time employees; this would increase its administrative costs by \$9 million to \$18 million annually. Its administrative costs would, however, be offset by the administrative transfers made by SSA in the financial interchange.

FOOTNOTES - Option A-3

a/ Administrative funds include the Limitation on Administration and the Special Management Improvement Fund. Excludes \$6.7 million for the Limitation on the Office of Inspector General.

b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB) and the Railroad Retirement Supplemental Account (RR SUP).

c/ Represents the funding authority and outlay of vested dual benefit payments.

d/ Includes outlays for the RRA, the SSEB and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.

e/ Undetermined. Presumes transferred in FY 1996.

OPTION A-4 MAJOR RESTRUCTURING OF THE RETIREMENT/SURVIVOR BENEFIT PROGRAM

PRO

- Savings will accrue over time as both personnel and overhead are significantly reduced.
- Customer needs are better served through the more efficient and effective use of personnel, systems, and equipment.

CON

- Automation programs will require long-term commitment of resources.
- Continued separate retirement/survivor system for railroad employees operated by a Federal agency.

**Summary Cost Information - Retirement/Survivor Benefit Program - Option A-4
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	59,842	59,842	57,957	54,372	284,500
Discretionary Budget Outlays	59,842	59,842	57,957	54,372	284,500
Mandatory Outlays ^b	.....	.....	.....	.....	.....
Governmental Receipts	.....	.....	.....	.....	.....
FTE Changes	894	894 (0)	886 (-8)	762 (-132)	4,175 (-295)

Summary Cost Information - Retirement/Survivor Benefit Program - Option A-4
Trust Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^c	210,500	210,500	196,100	153,000	908,500
Discretionary Budget Outlays ^c	210,500	210,500	196,100	153,000	908,500
Mandatory Outlays ^d	9,628,700	9,628,700	9,758,600	10,181,500	49,504,200
Governmental Receipts ^e	10,360,900	10,360,900	10,541,200	11,056,000	53,503,900
FTE Changes	.....	.....	.....	.....	.....

Summary Cost Information - Retirement/Survivor Benefit Program - Option A-4
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	270,342	270,342	254,057	207,372	1,193,000
Discretionary Budget Outlays	270,342	270,342	254,057	207,372	1,193,000
Mandatory Outlays ^d	9,628,700	9,628,700	9,758,600	10,181,500	49,504,200
Governmental Receipts ^e	10,360,900	10,360,900	10,541,200	11,056,000	53,503,900
FTE Changes	894	894	851 (-43)	727 (-167)	4,036 (-434)

FOOTNOTES - Option A-4

- a/ Administrative funds include the Limitation on Administration and the Special Management Improvement Fund. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB) and the Railroad Retirement Supplemental Account (RR SUP).
- c/ Represents the funding authority and outlay of vested dual benefit payments.
- d/ Includes outlays for the RRA, the SSEB and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.
- e/ Does not reflect the potential Amtrak restructuring. The loss of 5,500 Amtrak employees would result in a reduction of annual tier 2 payroll taxes to the RRA, with an initial annual reduction of approximately \$40 million.

Decision Tree "B"-- The Disability Benefit Program

Program

The RRB administers a program of disability benefits for eligible railroad workers and their families. Active railroad employees, and their surviving spouses and children, are eligible for a disability annuity based on a finding of total and permanent disability from all employment, using similar eligibility requirements as found under the Social Security Act. Also, if the eligibility requirements are met, railroad occupational disabilities can be awarded to employees.

Is the program critical to the agency's mission based on "customer" input?

Yes. The administration of the disability benefit program for eligible railroad workers and their families is critical to the agency's mission based on customer input through statistical surveys and focus groups. Carrier input is undetermined but testimony received by the Commission on Railroad Retirement Reform in 1989 and 1990, from certain industry interest groups, expressed an opinion on the structure of the occupational disability program. In its *Final Report*, the Commission considered this "customer" input and recommended that the occupational disability annuity provisions of the Railroad Retirement Act be amended to limit the duration for receipt of such benefits to 24 months. The Commission Chairman dissented because of the number of years the benefits have been in effect and because he felt they were appropriate for this type of program. The Commission did not recommend any changes in the Federal administration of the modified benefit. Since legislation was never introduced to enact this recommendation, and no change had been recommended concerning the administration of the disability program, the remaining decision points are responded to in the context of the existing system.

Can the program be administered as well or better at the State or local level?

No. The railroad retirement program is similar to a multi-employer pension plan. The administration of a multi-employer private pension plan by a State or local governmental agency is unprecedented. Such a transfer to the State or local level would involve the development of 50 State agencies created for the sole purpose of administering a multi-employer private pension plan. In addition, an oversight bureaucracy would be needed to coordinate financing and to ensure consistency. Under some options, State agencies could be used in a limited capacity to make disability determinations.

Is there any way to cut costs or improve performance by introducing competition?

No. The RRB's Deputy General Counsel has determined that the adjudication functions performed under the Railroad Retirement Act are inherently governmental functions which cannot be transferred or contracted out without legislative authority. However, certain administrative and support functions may be accomplished through competitive contracting. For example, the RRB recently awarded a nationwide contract to a private firm to perform medical examinations and submit reports adhering to contract-mandated requirements. Competitively bidding this function has improved performance while containing costs.

How can NPR principles be applied to put customers first, cut red tape and empower employees?

SSA recently completed a Reengineering study of its disability program. The Bureau of Disability and Medicare Operations is reviewing that study to determine whether any recommendations are applicable to the RRB. A second effort underway is being conducted by an in-house Reengineering Team. This team is about to begin a review of the entire claims handling process, covering all benefit programs, to determine whether any Reengineering principles can be applied.

Additionally, the RRB recently awarded a contract to a private firm to perform medical examinations and submit reports following strict guidelines within a contract-mandated time frame. The examinations covered under this nationwide contract are performed at a pre-determined cost, effective for the life of the contract. The quality, timeliness and cost containment features of this contract have resulted in real administrative gains.

Emphasis continues to be placed on implementing paperless on-line systems and fully utilizing available technologies to control and track the workload to ensure the right work is getting done in the right order. These advances, coupled with the previously mentioned contract, have empowered employees to approve or withhold payment for services rendered based on their quality review of the examination report. This puts more decision making at the employee level while ensuring a high quality product.

OPTION B-1 TERMINATE THE DISABILITY BENEFIT PROGRAM

PRO

- RRB would realize an annual reduction of 50 FTE's and \$2 million in contract costs.

CON

- Eliminates a program that is financially solvent and where the costs of the program's benefits and administration are borne primarily by the railroad industry through payroll taxes.
- Terminating disability benefits for current beneficiaries and eliminating the right to future disability benefits for active employees would be unprecedented and subject to legal challenge.
- Increase the Federal deficit as the excess of governmental receipts over mandatory outlays (projected as \$585 million for FY 1996 to 2000) is removed from the Federal budget.
- Customer surveys and focus groups show that the customers are very satisfied with the current program.

**Summary Cost Information - Disability Benefit Program^a - Option B-1
Administrative Receipts and Expenditures^b
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	13,968	f/	0	0	f/
Discretionary Budget Outlays	13,968	f/	0	0	f/
Mandatory Outlays ^c	.....	.....	.....	.....	.....
Governmental Receipts	.....	.....	.....	.....	.....
FTE Changes	208	f/	0 (-207)	0 (-179)	f/

Summary Cost Information - Disability Benefit Program - Option B-1
Trust Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^d	29,500	f/	0	0	f/
Discretionary Budget Outlays ^d	29,500	f/	0	0	f/
Mandatory Outlays ^e	1,700,400	f/	0	0	f/
Governmental Receipts	1,806,700	f/	0	0	f/
FTE Changes	.....	.....	.....	.....	.....

Summary Cost Information - Disability Benefit Program - Option B-1
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	43,468	f/	0	0	f/
Discretionary Budget Outlays	43,468	f/	0	0	f/
Mandatory Outlays ^e	1,700.400	f/	0	0	f/
Governmental Receipts ^f	1,806,700	f/	0	0	f/
FTE Changes	208	.....	0 (-199)	0 (-171)	f/

Since the work must be performed somewhere, there are undetermined "savings" associated with eliminating the program. Savings, however, may result from handling of the work through other means as identified in Option B-2.

FOOTNOTES - Option B-1

- a/ Includes disabled employees and survivors, regardless of age.**
- b/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.**
- c/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB) and the Railroad Retirement Supplemental Account (RR SUP).**
- d/ Represents the funding authority and outlay of vested dual benefit payments.**
- e/ Includes outlays for the RRA, the SSEB, and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.**
- f/ Undetermined. Presumes termination in FY 1996.**

OPTION B- 2 TRANSFER PORTIONS OR ALL OF THE DISABILITY BENEFIT PROGRAM TO THE SOCIAL SECURITY ADMINISTRATION (SSA)

PRO

- **Reduces number of Federal agencies involved in administering disability retirement benefits by transferring the tier 1 portion of the total and permanent disability annuity provisions for employees and survivors to the SSA to be administered as part of Title II only, resulting in undetermined FTE and contract savings, or**
- **Reduces number of Federal agencies involved in administering disability retirement benefits by transferring the tier 1 and tier 2 (and unrecompensed tier 1) portions of the total and permanent disability annuity provisions to SSA, together with the occupational disability provisions, to be administered as a separate program, similar to the Black Lung program, resulting in undetermined FTE and contract savings, or**
- **Reduces government overhead costs by combining the RRB with SSA as a Program Service Center for the administration of the unique provisions of the Railroad Retirement Act.**
- **Increases coordination in the payment of benefits.**
- **Increases coordination of disability determinations.**

CON

- **Eliminates a program that is financially solvent and where the costs of the program's benefits and administration are borne primarily by the railroad industry through payroll taxes.**
- **Customer surveys and focus groups show that the customers are very satisfied with the current program.**
- **Requires legislative change.**

For presentation purposes, transfer of the entire disability program is considered.

**Summary Cost Information - Disability Benefit Program^a - Option B-2
Administrative Receipts and Expenditures^b
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	13,968	f/	0	0	f/
Discretionary Budget Outlays	13,968	f/	0	0	f/
Mandatory Outlays ^c	.....	.....	.....	.....	.....
Governmental Receipts	.....	.....	.....	.....	.....
FTE Changes	208	f/	0 (-199)	0 (-171)	f/

**Summary Cost Information - Disability Benefit Program - Option B-2
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^d	29,500	f/	0	0	f/
Discretionary Budget Outlays ^d	29,500	f/	0	0	f/
Mandatory Outlays ^e	1,700,400	f/	0	0	f/
Governmental Receipts	1,806,700	f/	0	0	f/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Disability Benefit Program - Option B-2
Trust and Administrative Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^{d/}	43,468	f/	0	0	f/
Discretionary Budget Outlays ^{d/}	43,468	f/	0	0	f/
Mandatory Outlays ^c	1,700,400	f/	0	0	f/
Governmental Receipts	1,806,700	f/	0	0	f/
FTE Changes	208	f/	0 (-199)	0 (-171)	f/

Cost/saving estimates would require coordination with SSA to determine its conversion and on-going operational costs and with the Department of the Treasury to determine the budgetary impact of trust fund transfers from the RRB to SSA.

FOOTNOTES - Option B-2

- a/ Includes disabled employees and survivors, regardless of age.
- b/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- c/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB), and the Railroad Retirement Supplemental Account (RR SUP).
- d/ Represents the funding authority and outlays of vested dual benefit payments.
- e/ Includes outlays for the RRA, the SSEB, and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.
- f/ Undetermined. Presumes transfer in FY 1996.

OPTION B-3 PRIVATIZE PORTIONS OF THE DISABILITY BENEFIT PROGRAM

PRO

- **Reduces government overhead costs by converting the RRB to a private sector, or quasi-government corporation, to administer the occupational disability annuity program, or**
- **Reduces RRB involvement in the disability retirement program by requiring the railroad industry (management and labor) to establish a method to administer the occupational disability provisions, either through contracts with insurance carriers, establishment of a private sector Taft-Hartley trust fund, or privately negotiated plans, or**
- **Reduces RRB involvement (and FTE's and overhead) in administering disability retirement benefits by amending the Railroad Retirement Act to allow the RRB to use the same State agencies used by SSA for the determination of total and permanent disability.**

CON

- **Privatizes a program that is financially solvent and where the costs of the program's benefits and administration are borne primarily by the railroad industry through payroll taxes.**
- **Customer surveys and focus groups show that the customers are very satisfied with the program.**
- **Requires legislation.**
- **Increases coordination and potential contract costs in dealing with State agencies.**
- **Increases the Federal deficit as the excess of governmental receipts over mandatory outlays (projected as \$585 million for FY 1996 to 2000) is removed from the Federal budget.**

For presentation purposes, privatization of the entire disability program is considered.

**Summary Cost Information - Disability Benefit Program^a - Option B-3
Administrative Receipts and Expenditures^b
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	13,968	f/	0	0	f/
Discretionary Budget Outlays	13,968	f/	0	0	f/
Mandatory Outlays ^c	.....	.....	.....	.....	.....
Governmental Receipts	.....	.....	.....	.....	.....
FTE Changes	208	f/	0 (-199)	0 (-171)	f/

**Summary Cost Information - Disability Benefit Program - Option B-3
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^d	29,500	f/	0	0	f/
Discretionary Budget Outlays ^d	29,500	f/	0	0	f/
Mandatory Outlays ^c	1,700,400	f/	0	0	f/
Governmental Receipts	1,806,700	f/	0	0	f/
FTE Changes	.....	.....	.....	.....	.....

Summary Cost Information - Disability Benefit Program - Option B-3
Trust and Administrative Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	43,468	f/	0	0	f/
Discretionary Budget Outlays	43,468	f/	0	0	f/
Mandatory Outlays ^c	1,700,400	f/	0	0	f/
Governmental Receipts	1,806,700	f/	0	0	f/
FTE Changes	208	f/	0 (-199)	0 (-171)	f/

FOOTNOTES - Option B-3

- a/ Includes disabled employees and survivors, regardless of age.
- b/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- c/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB) and the Railroad Retirement Supplemental Account (RR SUP).
- d/ Represents the funding authority and outlay of vested dual benefit payments.
- e/ Includes outlays for the RRA, the SSEB, and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.
- f/ Undetermined. Presumes privatization in FY 1996.

OPTION B-4 RESTRUCTURE THE DISABILITY BENEFIT PROGRAM

PRO

- **Customer surveys and focus groups show that the customers are very satisfied with the current program.**
- **RRB will continue to realize greater internal administrative efficiencies through use of on-line applications.**
- **Administrative costs will continue to be controlled as a result of a recently awarded contract with a private firm. This contract requires medical examination reports to be of high quality and submitted timely at a pre-determined cost level for the life of the contract. This unique, nationwide contract has improved service while containing costs.**

CON

- **Continuation of a separate disability benefit program administered by a small independent Federal agency.**

**Summary Cost Information - Disability Benefit Program^a - Option B-4
Administrative Receipts and Expenditures^b
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	13,968	13,968	13,584	12,744	66,624
Discretionary Budget Outlays	13,968	13,968	13,584	12,744	66,624
Mandatory Outlays ^c	.....	.....	.....	.....	.....
Governmental Receipts	.....	.....	.....	.....	.....
FTE Changes	208	208 (0)	199 (-9)	171 (-37)	943(-97)

Summary Cost Information - Disability Benefit Program - Option B-4
Trust Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority ^d	29,500	29,500	27,900	23,000	131,500
Discretionary Budget Outlays ^d	29,500	29,500	27,900	23,000	131,500
Mandatory Outlays ^c	1,700,400	1,700,400	1,723,700	1,798,800	8,744,200
Governmental Receipts	1,806,700	1,806,700	1,838,700	1,928,000	9,329,400
FTE Changes	.....	.....	.....	.....	.....

Summary Cost Information - Disability Benefit Program - Option B-4
Trust and Administrative Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	43,468	43,468	41,484	35,744	198,124
Discretionary Budget Outlays	43,468	43,468	41,484	35,744	198,124
Mandatory Outlays	1,700,400	1,700,400	1,723,700	1,798,800	8,744,200
Governmental Receipts	1,806,700	1,806,700	1,838,700	1,928,000	9,329,400
FTE Changes	208	208 (0)	199(-9)	171 (-37)	943 (-97)

RRB would continue to realize savings through increased efficiency in the administration of the disability benefit program. These include cost containment in the area of developing medical evidence and the increased use of on-line applications.

FOOTNOTES - Option B-4

- a/ Includes disabled employees and survivors, regardless of age.**
- b/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.**
- c/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA), the Social Security Equivalent Benefit Account (SSEB) and the Railroad Retirement Supplemental Account (RR SUP). Excludes 44 FTE's to be reimbursed by HCFA for Medicare activities.**
- d/ Represents the funding authority and outlay of vested dual benefit payments.**
- e/ Includes outlays for the RRA, the SSEB and the RR SUP. SSEB outlays include the repayment of the financial interchange advances.**

Decision Tree "C" --The RRB Medicare Program

Program

The Medicare program, as administered by the RRB for qualified railroad retirement beneficiaries, includes entitlement determinations, enrollments, disenrollments, premium collection, inquiry responses, records maintenance, coordination with the Health Care Financing Administration (HCFA) and SSA, and contracting with a Medicare carrier.

Is this program critical to the agency's mission based on "customer" input?

Yes. The administration of the Medicare program for qualified railroad retirement beneficiaries is critical to the agency's mission based on customer input as well as customer needs and satisfaction. History has shown that RRB beneficiaries and interest groups are keenly aware of, and sensitive to, proposed changes relating to the Medicare program and those concerns are effectively communicated to the RRB.

Can the program be administered as well or better at the State or local level?

No. Applying Medicare premium deductions is an integral and essential part of the benefit payment and adjudication function. Separating this phase of the overall adjudication process would result in processing inefficiencies, lower overall quality, erroneous payments and poorer customer service. Duplicative administrative oversight and added bureaucracy would be needed to effect proper coordination with HCFA.

The current high level of administrative efficiency and customer satisfaction is due in large part to the highly centralized administration of the Medicare program and the coordination of this program with the other Railroad Retirement Act (RRA) programs. Separating these inherently Government functions would negatively impact the effective administration of all RRA programs and the high levels of service currently being provided to our customers.

Is there any way to cut costs or improve performance by introducing competition?

No. The RRB's Bureau of Law has determined that the adjudication functions performed under the RRA, including the collection of Medicare premiums, are inherently Government functions and cannot be transferred or contracted out without legislative authority. In FY 1992, we competed the Medicare carrier's contract which resulted in improved service and savings. We will continue to look for opportunities to improve our operations and customer service.

How can NPR principles be applied to put customers first, cut red tape and empower employees?

The RRB will continue to reinvent its Medicare operations by aggressively utilizing technology and streamlining the adjudicative process. We have recently implemented one new major on-line system and we are in the process of developing another.

OPTION C-1 TERMINATE RRB MEDICARE INVOLVEMENT

PRO

- RRB would realize an annual reduction of about 70 FTE's.¹
- RRB beneficiaries would be treated the same as other Medicare beneficiaries.

CON

- Beneficiaries would no longer receive annuity benefits and Medicare from the same agency. They would have to deal with another agency for their Medicare.
- HCFA costs would increase as they would serve a larger number of beneficiaries.
- Since Medicare premiums would no longer be deducted from railroad retirement annuities, direct billing would have to be instituted for those annuitants not entitled to social security benefits. This will increase the costs for the agency handling Medicare.
- Canadian hospital insurance claims are currently paid for out of the Railroad Retirement Account. Different reimbursement and processing systems would need to be established by HCFA, SSA or some other entity.
- Legislative change would be required.

**Summary Cost Information - Medicare Program - Option C-1
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	1,916	d/	0	0	d/
Discretionary Budget Outlays	1,916	d/	0	0	d/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes ^c	25	d/	(-24)	(-23)	d/

FOOTNOTES - Option C-1

- a/ Administrative funds include the Limitation on Administration. Excludes an estimated \$3.7 million to be reimbursed by the Health Care Financing Administration (HCFA) for Medicare activities.**
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA) and the Social Security Equivalent Benefit Account (SSEB).**
- c/ Excludes 44 FTE's to be reimbursed by HCFA for Medicare activities.**
- d/ Undetermined. Presumes termination in FY 1996.**

OPTION C-2 TRANSFER RRB MEDICARE CARRIER ACTIVITIES TO HEALTH CARE FINANCING ADMINISTRATION (HCFA)

PRO

- **Potential cost savings have been presented previously. In 1979, the GAO estimated that \$6.6 million could be saved because of the lower processing costs of the HCFA carriers. In 1984, GAO estimated that about \$7 million could be saved in 1983. In 1990, the Department of Health and Human Services (HHS) Office of Inspector General (OIG) estimated that annual savings of \$9.1 million would be achieved. However, in 1991 the RRB OIG estimated that the savings estimate of \$9.1 million would not be achieved because of unlikely predictions, obsolete cost differentials and incorrect assumptions.**
- **RRB would realize savings of approximately 2 FTE's because contract oversight would no longer be necessary.**

CON

- **Potential increased costs to the Federal government because the FY 1994 RRB carrier total unit cost is \$1.49 versus the national average of \$1.66.**
- **Potential increase in FTE's needed to respond to inquiries or complaints because of the involvement of 29 separate Medicare carriers instead of the current one.**
- **Customer service will be negatively impacted.**
 - **Problem resolution negatively impacted by dealing with 29 carriers;**
 - **Contrary to high levels of satisfaction expressed in customer survey and focus groups; and**
 - **Disparate handling of Medicare claims because HCFA area carriers apply different medical review standards to claims.**
- **Loss of sole source accountability because 29 carriers will process claims.**
- **Loss of carrier performance evaluation as it pertains directly to RRB beneficiaries because the RRB would not have the resources to evaluate 29 carriers and RRB beneficiary claims would not be separately identified.**
- **Legislative change would be required.**

**Summary Cost Information - Medicare Program - Option C-2
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	1,916	1,812	1,707	1,595	8,418
Discretionary Budget Outlays	1,916	1,812	1,707	1,595	8,418
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	25	23(-2).	22(-3)	21(-4)	110(-15)

GAO and the HHS-OIG have estimated annual administrative savings of \$6.6 million to \$9.1 million. These estimates have been criticized by the RRB-OIG as being too high. We estimate that since October 1987, the RRB carrier has saved the Federal government \$32 million in benefit payments because of historically higher payment accuracy rates than the national average of all area carriers.

FOOTNOTES - Option C-2

a/ Administrative funds include the Limitation on Administration.

b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA) and the Social Security Equivalent Benefit Account (SSEB).

OPTION C-3 RESTRUCTURE THE RRB MEDICARE PROGRAM

PRO

- **Continued high levels of service and customer satisfaction.**
- **Continued sole source accountability.**
- **Focused contract oversight.**
- **Claims processing consistency.**
- **Meets customer requirements.**
- **Close, effective coordination between Medicare program and other RRA retirement/survivor programs.**
- **Internal streamlining - continued automation of record corrections and of exception referral control.**
- **No legislative change required.**

CON

- **Continued involvement of RRB in the Medicare program.**

**Summary Cost Information - Medicare Program - Option C-3
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	1,916	1,916	1,811	1,699	8,936
Discretionary Budget Outlays	1,916	1,916	1,811	1,699	8,936
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes ^c	25	25 (0)	24(-1)	23(-2)	120(-5)

FOOTNOTES - Option C-3

- a/ Administrative funds include the Limitation on Administration. Excludes an estimated \$3.7 million to be reimbursed by the Health Care Financing Administration (HCFA) for Medicare activities.**
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Retirement Account (RRA) and the Social Security Equivalent Benefit Account (SSEB).**
- c/ Excludes 44 FTE's to be reimbursed by HCFA for Medicare activities.**

Decision Tree "D" -- the Administration of the Railroad Unemployment Insurance Program

Program

The railroad unemployment insurance program is provided under the Railroad Unemployment Insurance Act (RUIA). The Act provides for the payment of bi-weekly benefits to qualified railroad employees who are unemployed, but able to work and available for work.

Is this critical to the agency's mission based on "customer" input?

Yes. In addition to being statutorily mandated under the RUIA, the railroad unemployment insurance program is supported by the RRB's customers - railroad labor and railroad management. Results of surveys and focus groups conducted during fiscal year 1994 indicate a high degree of satisfaction with the agency's administration of the program.

Can it be done as well or better at the State or local level?

No. Proposals to transfer the railroad unemployment insurance program to the State systems were considered and discussed on several occasions in the past. The most thorough review of the advantages and disadvantages of such a proposal was conducted in 1984 by the Railroad Unemployment Compensation Committee, a committee established by the Railroad Retirement Solvency Act of 1983 to review all aspects of the unemployment and sickness benefit system. The members of the committee included two representatives from railroad labor, two representatives of railroad management and a public member. In its report, the committee favored maintaining an independent railroad unemployment insurance system.

The Congressional Research Service also provided a report for Congress in October 1993, entitled, "Railroad Retirement Board: Background and Analysis of Issues Raised by Proposals to End Federal Administration." The report identifies the various impediments to ending Federal administration of railroad employee benefits. Such impediments include the fact that the railroad unemployment insurance program is designed as a daily benefit, which is consistent with the industry's intermittent employment practices, whereas State programs are based on unemployment measured by weeks instead of days. In addition, the costs of the programs' benefits and administration are borne by the railroad industry through payroll taxes; transfer of the program to the States would not save money for the taxpayers.

Is there any way to cut costs or improve performance by introducing competition?

Introducing competition would not cut costs or improve performance.

If not, how can NPR principles be applied to put customers first, cut red tape, and empower employees?

During fiscal year 1994, customer satisfaction surveys and focus groups were conducted and a customer service plan was developed. Performance is tracked against customer service standards and actions are taken to improve performance, when necessary. Action plans have been developed to improve quality and timeliness and implement cost-saving concepts. In addition, reengineering efforts are underway as part of the agency's streamlining plan to improve operations.

OPTION D-1 TRANSFER THE UNEMPLOYMENT INSURANCE PROGRAM TO THE DEPARTMENT OF LABOR/STATE SYSTEM

PRO

- **Claimants residing in some States would receive a higher weekly benefit under the State systems compared to benefits currently payable under the RUIA.**
- **The State systems have either no waiting period or a 1-week waiting period compared to the 2-week waiting period currently required under the RUIA.**
- **RRB involvement would be eliminated. The rail industry would be treated the same as other industries.**

CON

- **Eliminates a program that is financially solvent and where the costs of the program's benefits and administration are borne solely by the railroad industry through payroll taxes.**
- **Terminates a long established and coordinated program which is designed as a daily benefit, consistent with the industry's intermittent employment practices, whereas State programs are based on unemployment measured by weeks instead of days.**
- **Eliminates the consistent treatment of railroads and their employees. Coverage by State programs would result in different benefit levels, eligibility criteria, etc. based on State of residence.**
- **Creates the potential for dual taxation of railroads during a transition period.**
- **Railroad employers would, in all likelihood, experience increased tax liability under the State systems.**
- **Railroads operating in more than one State would have to comply with applicable requirements of the unemployment programs in each of the States. This would result in a greater administrative burden than currently exists with a single system.**
 - **Eliminates the possibility of making future legislative changes to the unemployment system based on changing conditions in the railroad industry.**
 - **Transfer is not favored by the agency's customers.**
 - **Legislative action would be required.**

**Summary Cost Information - Unemployment Insurance Program - Option D-1
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	10,073	d/	0	0	d/
Discretionary Budget Outlays	10,073	d/	0	0	d/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	152	d/	0 (-149)	0 (-130)	d/

**Summary Cost Information - Unemployment Insurance Program - Option D-1
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	44,500	d/	0	0	d/
Governmental Receipts	21,200	d/	0	0	d/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Unemployment Insurance Program - Option D-1
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	10,073	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	10,073	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays ^c	44,500	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipts	21,200	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	152	<u>d/</u>	0 (-149)	0 (-130)	<u>d/</u>

FOOTNOTES - Option D-1

- a/** Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/** Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).
- c/** Outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 unemployment benefit estimate is \$78.6 million.

OPTION D-2 PRIVATIZE/FRANCHISE THE UNEMPLOYMENT INSURANCE PROGRAM

PRO

- **Federal government involvement would be eliminated or reduced.**
- **Employer/employee representatives would be free to negotiate changes in benefit programs without regard to Federal/State legislation.**

CON

- **Railroad workers would be a singular employee occupational group without Federal/State unemployment insurance.**
- **A suitable private industry provider must be obtained.**
- **Legislative change would be required. If RUIA is repealed, an exemption from State law would be required.**
- **Railroads may pay higher costs because administration would be performed by a profit-based entity.**
- **Ability to detect and prevent fraudulent benefit claims would be reduced.**
- **Opportunities/sources available to Federal agencies for recovery of overpayments could not be used.**
- **Customer surveys and focus groups indicate a high level of satisfaction with the existing program.**

**Summary Cost Information - Unemployment Insurance Program - Option D-2
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	10,073	d/	0	0	d/
Discretionary Budget Outlays	10,073	d/	0	0	d/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	152	d/	0 (-149)	0 (-130)	d/

**Summary Cost Information - Unemployment Insurance Program - Option D-2
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	44,500	d/	0	0	d/
Governmental Receipts	21,200	d/	0	0	d/
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Unemployment Insurance Program - Option D-2
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	10,073	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	10,073	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays ^c	44,500	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipt	21,200	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	152	<u>d/</u>	0 (-149)	0 (-130)	<u>d/</u>

FOOTNOTES - Option D-2

- a/** Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.
- b/** Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).
- c/** Outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 unemployment benefit estimate is \$78.6 million.

OPTION D-3 RESTRUCTURE THE CURRENT UNEMPLOYMENT INSURANCE PROGRAM

PRO

- **Maintains a financially solvent system with no cost to individual taxpayers.**
- **Continued high levels of service and customer satisfaction.**
- **No legislative change required.**
- **Customers support continuing the existing program.**
- **Maintains a system which is responsive to conditions in the railroad industry.**
- **No additional costs incurred for transition to alternate program.**
- **Administrative costs and staffing have been reduced while program performance has improved.**

CON

- **Federal government involvement is still required.**

**Summary Cost Information - Unemployment Insurance Program - Option D-3
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	10,073	10,073	9,961	9,345	48,686
Discretionary Budget Outlays	10,073	10,073	9,961	9,345	48,686
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	152	152 (0)	149 (-3)	130 (-22)	710 (-50)

**Summary Cost Information - Unemployment Insurance Program - Option D-3
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	44,500	44,500	43,700	45,000	222,200
Governmental Receipts	21,200	21,200	26,500	74,500	257,900
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Unemployment Insurance Program - Option D-3
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	10,073	10,073	9,961	9,345	48,686
Discretionary Budget Outlays	10,073	10,073	9,961	9,345	48,686
Mandatory Outlays ^c	44,500	44,500	43,700	45,000	222,200
Governmental Receipts	21,200	21,200	26,500	74,500	257,900
FTE Changes	152	152	149 (-3)	130 (-22)	710 (-50)

FOOTNOTES - Option D-3

- a/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.**
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).**
- c/ Outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 unemployment benefit estimate is \$78.6 million.**

Decision Tree "E"-- The Administration of the Railroad Sickness Insurance Benefit Program

Program

The railroad sickness insurance program is provided under the Railroad Unemployment Insurance Act (RUIA). The Act provides for the payment of bi-weekly benefits to qualified railroad employees who are unable to work because of illness, injury or maternity.

Is this critical to the agency's mission based on "customer" input?

Yes. In addition to being statutorily mandated under the RUIA, the railroad sickness insurance program is supported by the RRB's customers - railroad labor and railroad management. Results of surveys and focus groups conducted during fiscal year 1994 indicate a high degree of satisfaction with the agency's administration of the program.

Can the program be administered as well or better at the State or local level?

No. Only five States provide for the payment of sickness benefits. When proposals to transfer the unemployment insurance program to the State systems were advanced in the past, the recommendation was to retain an independent sickness insurance program.

In 1984, the Railroad Unemployment Compensation Committee was established by the Railroad Retirement Solvency Act of 1983 to review all aspects of the unemployment and sickness benefit system. The members of the committee included two representatives from railroad labor, two representatives of railroad management and a public member. In its report, the committee favored maintaining an independent railroad sickness insurance system.

Is there any way to cut costs or improve performance by introducing competition?

Introducing competition would not cut costs or improve performance.

If not, how can NPR principles be applied to put customers first, cut red tape, and empower employees?

During fiscal year 1994, customer satisfaction surveys and focus groups were conducted and a customer service plan was developed. Performance is tracked against customer service standards and actions are taken to improve performance, when necessary. Action plans have been developed to improve quality and timeliness and implement cost-saving concepts. In addition, reengineering efforts are underway as part of the agency's streamlining plan to improve operations.

OPTION E-1 TRANSFER THE SICKNESS INSURANCE PROGRAM TO THE STATE SYSTEM

PRO

- RRB involvement would be eliminated.

CON

- Only five States pay sickness benefits. There is no reason to believe the other 45 States would want to operate a sickness insurance program for railroad employees.
- Eliminate a program that is financially solvent and where the costs of the program's benefits and administration are borne solely by the railroad industry through payroll taxes.
- No constituency exists that would be interested in this option.
- Complex legislative action would be required.
- Ability to recover benefit overpayments from annuity accruals payable under the Railroad Retirement Act would be lost. (This process results in the recovery of approximately \$10 million annually.)

**Summary Cost Information - Sickness Insurance Program - Option E-1
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	7,560	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	7,560	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	114	<u>d/</u>	0 (-112)	0 (-95)	<u>d/</u>

**Summary Cost Information - Sickness Insurance Program - Option E-1
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	24,400	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipts	11,600	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	.....	.....	.....	.....	.....

**Summary Cost Information - Sickness Insurance Program - Option E-1
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	7,560	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	7,560	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays ^c	24,400	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipts	11,600	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	114	<u>d/</u>	0 (-112)	0 (-95)	<u>d/</u>

FOOTNOTES - Option E-1

- a/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.**
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).**
- c/ Outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 sickness benefit estimate is \$24.0 million.**
- d/ Undetermined. Presumes transfer in FY 1996.**

OPTION E-2 PRIVATIZE/FRANCHISE THE SICKNESS INSURANCE PROGRAM

PRO

- **Insurance companies such as Provident Life and Trustmark currently pay supplemental sickness benefits to railroad employees. Presumably, an insurance company could develop and administer a benefit package to replace what is provided under the RUIA.**
- **Federal government involvement would be eliminated or reduced.**
- **If the administrator of the program is also a supplemental benefit insurer, employers and employees would have only one entity to deal with.**

CON

- **Railroads may pay a higher cost because administration would be performed by a profit-based entity.**
- **Ability to detect and prevent fraudulent benefit claims would be reduced.**
- **Opportunities/sources available to Federal agencies for recovery of overpayments could not be used.**
- **Eliminates a program that is financially solvent and where the costs of the program's benefits and administration are borne solely by the railroad industry through payroll taxes.**
- **Legislative change required.**
- **Customer surveys and focus groups indicate a high level of satisfaction with the existing program.**
- **Ability to recover benefit overpayments from annuity accruals payable under the Railroad Retirement Act would be lost. (This process results in the recovery of approximately \$10 million annually.)**

**Summary Cost Information - Sickness Insurance Program - Option E-2
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	7,560	d/	0	0	d/
Discretionary Budget Outlays	7,560	d/	0	0	d/
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts ^b	.....	.....	.....	.....	.....
FTE Changes	114	d/	0 (-112)	0 (-95)	d/

**Summary Cost Information - Sickness Insurance Program - Option E-2
Trust Fund Receipts and Expenditures
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	24,400	d/	0	0	d/
Governmental Receipt	11,600	d/	0	0	d/
FTE Changes	.....	.....	.....	.....	.....

Summary Cost Information - Sickness Insurance Program - Option E-2
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	7,560	<u>d/</u>	0	0	<u>d/</u>
Discretionary Budget Outlays	7,560	<u>d/</u>	0	0	<u>d/</u>
Mandatory Outlays ^c	24,400	<u>d/</u>	0	0	<u>d/</u>
Governmental Receipts	11,600	<u>d/</u>	0	0	<u>d/</u>
FTE Changes	114	<u>d/</u>	0 (-112)	0 (-95)	<u>d/</u>

FOOTNOTES - Option E-2

- a/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.**
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).**
- c/ Includes outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 sickness benefit estimate is \$24.0 million.**
- d/ Undetermined. Presumes transfer in FY 1996.**

OPTION E-3 RESTRUCTURE THE CURRENT SICKNESS INSURANCE PROGRAM

PRO

- **Maintain a financially solvent system with no cost to individual taxpayers.**
- **Continued high levels of service and customer satisfaction.**
- **No legislative change required.**
- **Customers support continuing the existing program.**
- **Maintain a system which is coordinated with the supplemental benefit programs administered by the railroads and insurance companies.**
- **No additional costs incurred for transition to alternate program.**

CON

- **Federal government involvement is still required.**

**Summary Cost Information - Sickness Insurance Program - Option E-3
Administrative Receipts and Expenditures^a
(in thousands of dollars)**

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	7,560	7,560	7,245	6,797	35,643
Discretionary Budget Outlays	7,560	7,560	7,245	6,797	35,643
Mandatory Outlays	.....	.....	.....	.....	.....
Governmental Receipts^b	.....	.....	.....	.....	.....
FTE Changes	114	114 (0)	112 (-2)	95 (-19)	527 (-43)

Summary Cost Information - Sickness Insurance Program - Option E-3
Trust Fund Receipts and Expenditures
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	.....	.....	.....	.....	.....
Discretionary Budget Outlays	.....	.....	.....	.....	.....
Mandatory Outlays ^c	24,400	24,400	24,000	24,800	122,100
Governmental Receipts ^d	11,600	11,600	14,500	41,100	141,700
FTE Changes	.....	.....	.....	.....	.....

Summary Cost Information - Sickness Insurance Program - Option E-3
Trust and Administrative Fund Receipts and Expenditures^a
(in thousands of dollars)

	FY 1996 program levels in budget	Estimated resulting levels for FY 1996	Estimated resulting levels for FY 1997	Estimated resulting levels for FY 2000	5-year cumulative (FY 1996-2000)
Discretionary Budget Authority	7,560	7,560	7,245	6,797	35,643
Discretionary Budget Outlays	7,560	7,560	7,245	6,797	35,643
Mandatory Outlays ^c	24,400	24,400	24,000	24,800	122,100
Governmental Receipts	11,600	11,600	14,500	41,100	141,700
FTE Changes	114	114 (0)	112 (-2)	95 (-19)	527 (-43)

Staff has been reduced by 28% over the past 3 years through automation and restructuring.

FOOTNOTES - Option E-3

- a/ Administrative funds include the Limitation on Administration. Excludes \$6.7 million for the Limitation on the Office of Inspector General.**
- b/ Funding of administrative expenses provided through a transfer of funds from the Railroad Unemployment Insurance Account (RUIA).**
- c/ Outlays for the RUIA. Does not reflect the potential Amtrak restructuring. If Amtrak eliminates 5,500 employees by April 1, 1995, the fiscal year 1996 sickness benefit estimate is \$24.0 million.**

1. Describe any recommendations offered by the OMB/NPR advisory teams that may have been considered but rejected. Briefly explain why they were rejected.
 - A. NPR 1 recommended: "Transfer the functions of the Railroad Retirement Board to other agencies." In its September 1994 status report it reported: "NPR's recommendation to restructure the management of railroad industry benefits programs has been deferred indefinitely, and the Railroad Retirement Board has committed to acting on a series of management improvements."
2. List programs, functions, subsidies, or regulatory efforts that are not being considered for Phase II reinvention. Briefly explain why they are being excluded.
 - A. None have been excluded from the Railroad Retirement Board's recommendations. Further cost benefit analyses will be necessary depending on the specific recommendations adopted.

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REINVENTION PROPOSALS

JANUARY 24, 1995



**Office of Inspector General
Railroad Retirement Board**

INTRODUCTION

The Office of Inspector General (OIG) and agency management are partners in the design of a railroad retirement system that provides the highest level of customer service at the lowest cost. In order to advance the process of change at the Railroad Retirement Board (RRB), the OIG has reviewed and evaluated the reorganization that was recently approved by the Board Members. This document presents the results of that analysis as well as recommendations that build upon the agency's restructuring actions.

***** ISSUE ONE *****

The revised organizational structure of the agency remains bureaucratic and reflects no significant reduction in the number of bureaus or offices that will alter daily operations. In order to comply with the reinvention principles and streamlining directives established by the Administration, agency management must recognize the critical need to reduce managerial and supervisory oversight and to align programs with similar functions and missions.

In addition, the RRB should radically reduce the number of field offices. The development and aggressive use of new computer and telecommunications technology offers a significant opportunity to improve services and reduce costs.

Background

From the 1930s through the 1960s, agencies of the Federal government followed the lead of corporate America in creating large, top-down, centralized bureaucracies. This type of structure had proven effective for organizations functioning in stable environments with routine technology. This methodology encourages a focus on individual goals and routine tasks, not on the basic mission of the organization. Conflict often results between bureaus and offices as each attempts to maximize its production without consideration of the impact upon others. These bureaucracies have proven to be extremely rigid and inflexible.

The RRB, too, developed an organizational structure that supported formal lines of communication, the separation of tasks assigned to independent bureaus and offices with individually defined rules and regulations. However, in today's environment, this operating design no longer meets the needs of the agency or its customers. Improvements in information technology are tremendous, and the power of personal computers is doubling almost every

eighteen months. Through the use of computers and telecommunications, the agency can eliminate layers of managers, reduce the number of supervisors and permit better information sharing among all employees.

Current Organizational Structure

The 1993 National Performance Review directed Federal agencies to shed their outdated structures, management practices and relationships. All government agencies are reviewing their organizational structures and implementing significant changes to adapt to the current environment. In December 1994, three cabinet departments (Transportation, Energy and Housing and Urban Development) and two major agencies (General Services Administration and the Office of Personnel Management) announced restructuring plans that will save approximately \$24 billion over five years. One agency is combining 60 programs into four and another plans to consolidate its facilities and restructure its management. In addition, the Department of Agriculture is eliminating 1200 field offices.

As a result of findings cited in Arthur Andersen's 1993 financial statement audit report, the Board Members recognized that the RRB's organizational structure was no longer effective. Arthur Andersen and Company identified the organization of the RRB as a major weakness in agency operations. The present structure does not align similar functions but perpetuates a fragmented environment. The existence of over twenty bureaus and offices results in an atmosphere that fosters individual operating bureau goals rather than the overall mission of the agency. Bureaus compete against each other for limited resources rather than identifying ways to improve coordination and cooperation for better customer service. The report stated that the agency lacked adequate lines of communication among bureaus to address problems or resolve current operational issues.

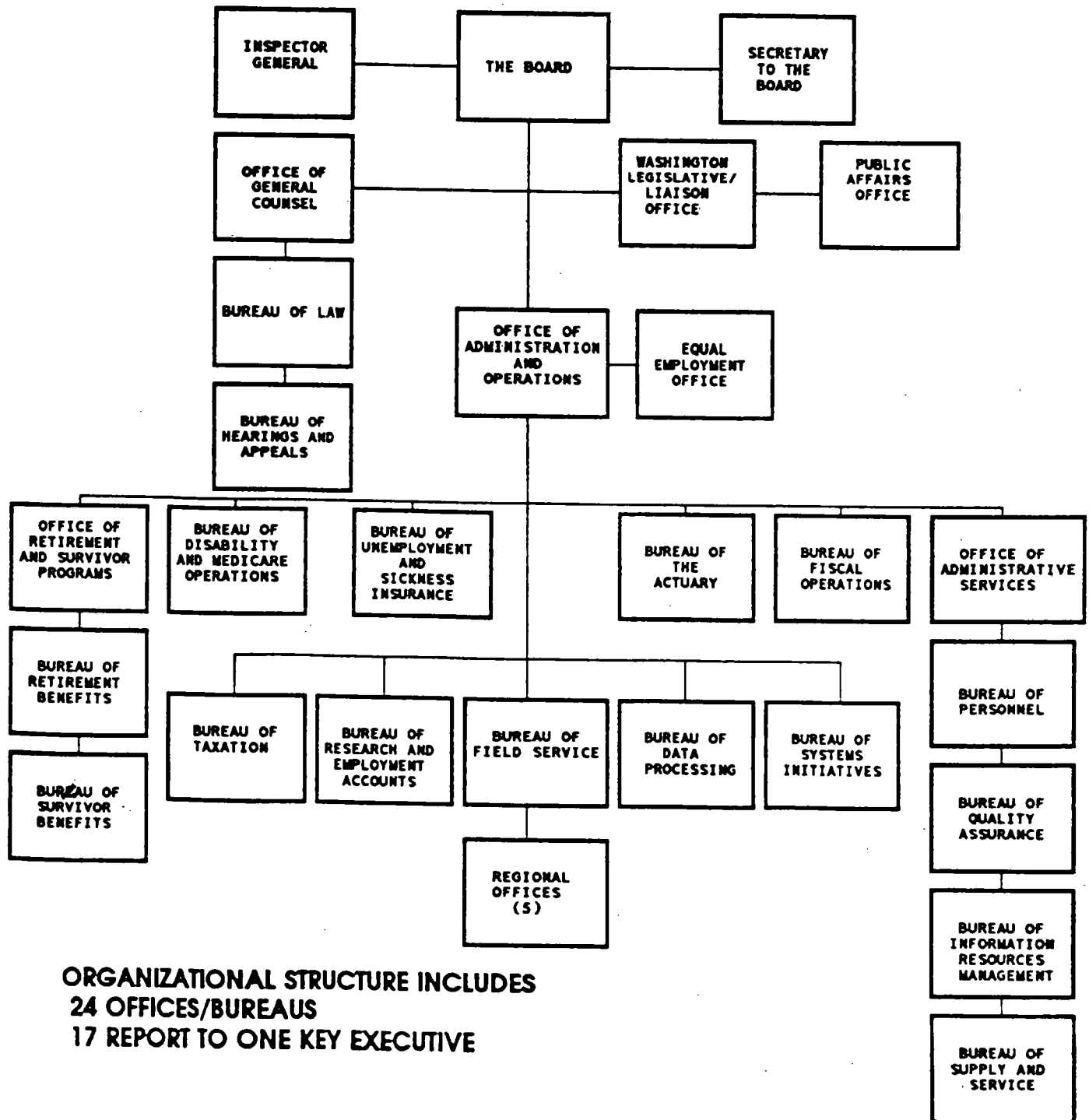
On November 15, 1994, The Board Members approved a reorganization of the agency, effective January 3, 1995, to address those weaknesses cited by the auditors.

Reorganization

The Office of Inspector General has reviewed the recent reorganization plan, and has concluded that the agency should implement additional, more radical changes to streamline operations and create a more flexible structure which will reduce unnecessary managerial and supervisory oversight.

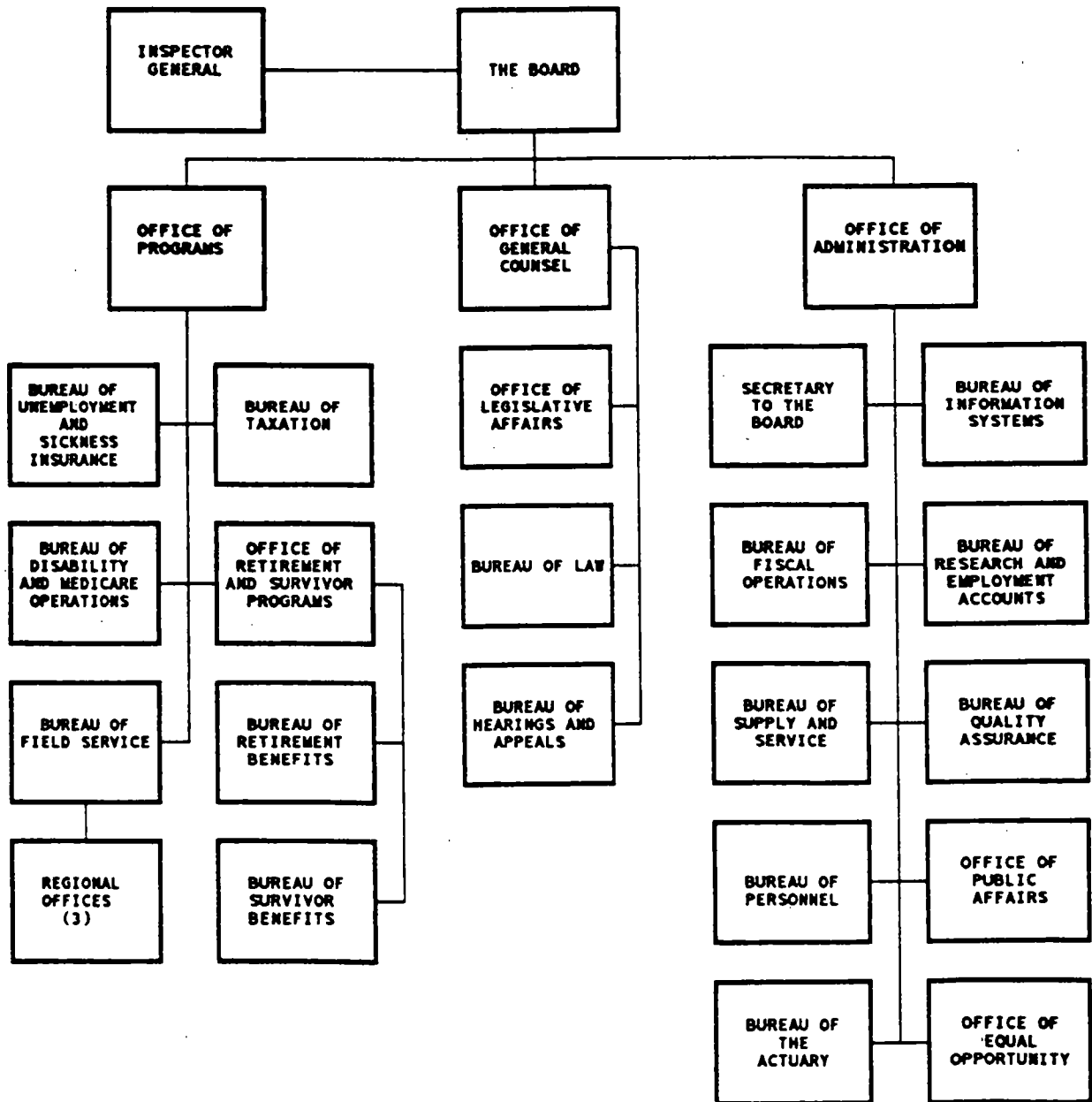
The organizational charts that follow clearly indicate that the recently approved plan is more cosmetic than substantive. The revised structure remains bureaucratic and fragmented, and reflects no significant changes that will alter day-to-day operations. Continued reductions in staffing and funding mandate that agency management identify new and more efficient ways to operate. The goal must be to eliminate layers of management, not to simply shift managers among bureaus.

RRB ORGANIZATION EFFECTIVE SEPTEMBER 23, 1991



**ORGANIZATIONAL STRUCTURE INCLUDES
24 OFFICES/BUREAUS
17 REPORT TO ONE KEY EXECUTIVE**

REVISED ORGANIZATION EFFECTIVE JANUARY 3, 1995

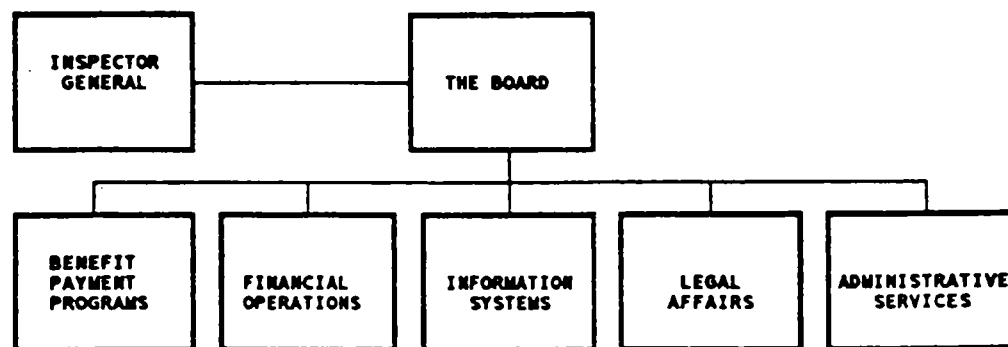


REVISED STRUCTURE INCLUDES 22 OFFICES/BUREAUS (EXCLUDING SECRETARY TO THE BOARD) AND TWO KEY EXECUTIVES (DIRECTOR OF PROGRAMS AND DIRECTOR OF ADMINISTRATION) VERSUS PRIOR ONE

Recommendation

The Office of Inspector General recommends an organizational structure that groups programs with similar functions and missions into five independent bureaus. These bureaus are (1) Benefit Payment Programs, (2) Financial Operations, (3) Information Systems, (4) Legal Affairs, and (5) Administrative Services.

PROPOSED ORGANIZATONAL STRUCTURE



1. Benefit Payment Programs

This office would serve as the agency's principal bureau and include retirement, survivor, disability, medicare, unemployment and sickness insurance benefit programs and field services.

2. Financial Operations

This office directed by the Chief Financial Officer, would include the current Bureau of Fiscal Operations, Research and Employment Accounts and the Actuary. This realignment would centralize all financial and statistical operations.

3. Information Systems

This bureau would combine the functions of the Bureaus of Data Processing, Systems Initiatives, and Information Resources Management, with the exception of the Freedom of Information Act activities which would move to Legal Affairs.

4. Legal Affairs

All matters relating to legal issues would be consolidated, and would include the Offices of General Counsel and Legislative Affairs, the Bureaus of Law and Hearings and Appeals, and Freedom of Information Act activities.

5. Administrative Services

The support functions of the agency would be included in this bureau: Personnel, Supply and Service, Equal Employment Opportunity, and Public Affairs.

The realignment of bureaus into a smaller number of functional areas will permit employees to work more closely, identify ways to operate more efficiently and eliminate overlap between similar systems. The elimination of unnecessary layers of management oversight will increase employee motivation and productivity. This restructuring will also promote cooperation among employees and permit them to be the decision makers in their respective areas of responsibility. This environment will provide front-line employees with a greater sense of job security and personal accomplishment. These employees are best positioned to identify improved methods to deliver the best customer service.

Both the Administration and Congress have directed Federal agencies to reduce the number of government managers and supervisors, particularly at the GS-14, GS-15 and Senior Executive Service levels.

The recommended organizational structure will increase the span of control above the level proposed in the agency's streamlining plan. Fewer organizational boundaries will result in a focus on agency goals rather than competition for diminishing agency resources.

Adoption of the OIG's proposed organizational structure could result in savings of approximately \$9.7 million in salaries and benefits through the reduction of 167 FTEs. The majority of the personnel reductions would involve mid-level management positions and administrative support staff. The consolidation of similar functions would eliminate the need for these positions. Appendix 1 presents a list of positions suggested for elimination by organizational component.

Because Federal regulations regarding reductions in force are complex, this analysis does not include an estimated cost related to eliminating the positions. Costs would vary by the method of reduction use, and the specific individuals involved. The agency could consider proposing various methodologies to fully accomplish the reorganization to the Administration and Congress.

***** ISSUE TWO *****

The RRB must reengineer the field office structure and service delivery methods to reflect its current customer base and fully utilize current and new computer and telecommunications technology.

Background

The current field structure can be traced to its design in the late 1930s. At that time, the field offices were created in main rail communities to handle the claims filed under the Railroad Unemployment Insurance Act. From the 1940s until today, the structure has remained relatively unchanged except for a reduction in the number of regions from nine in 1942 to five in 1994. During this time, the nature of the field offices' work, the customer base, the methods of transportation, the types and availability of communications have changed dramatically.

In 1942, the RRB had 93 field offices to service almost 2.5 million active railroad workers. The RRB currently has a headquarters field office staff, five regional offices and 86 field offices to service 270,000 active railroad workers and 930,000 beneficiaries. The agency has one field office for every 14,000, one of the highest ratios in the Federal government.

The work performed at the district offices has changed from predominantly processing unemployment claims to processing retirement and maintenance work for all benefit programs. In 1949, the RRB paid unemployment/sickness insurance benefits to over 435,000 beneficiaries. In 1993, approximately 42,000 beneficiaries received these benefits. The number of retirement applications declined from almost 67,000 in 1949 to 43,000 in 1993.

Current Structure

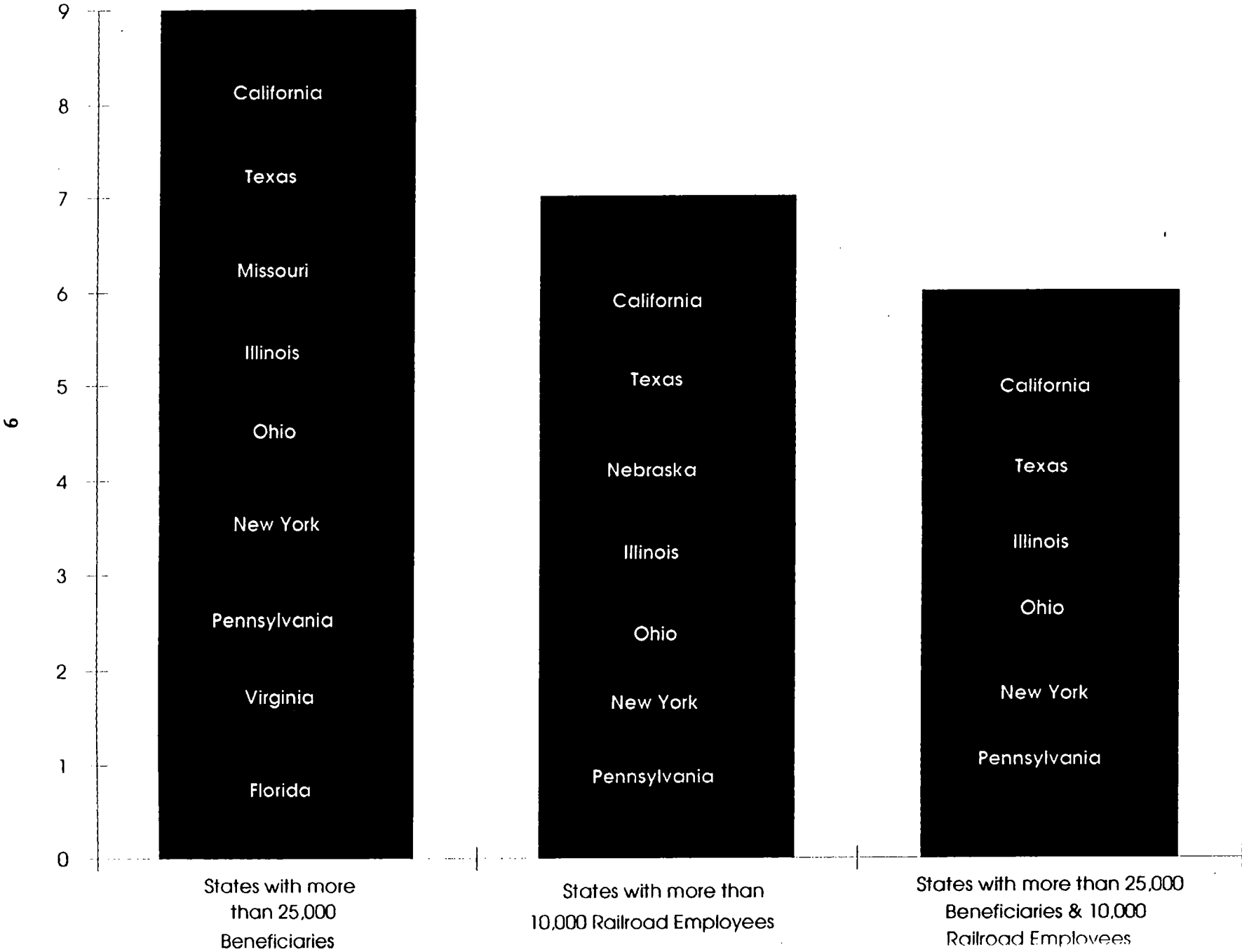
The agency currently maintains five regional offices, each with a regional director, and a deputy regional director, except region 5 which has no deputy. A review of the field offices shows 13 offices with two employees, generally a manager and one other employee and six offices with only one employee, two of which are managers with no staff. With few exceptions, most of the offices have a manager, with larger offices having clerical support staff.

The methods for performing field service work are changing dramatically. Computer and telecommunications developments in the 1960s and 1970s made more information available in the field offices. Further advancements in the 1990s are enabling employees to perform their work regardless of location - from government office space to a shopping mall, from a railroad employer's personnel office to a union local office.

Recent customer satisfaction surveys and focus groups have shown that beneficiaries prefer to handle most of their contacts with the agency by telephone, except for filing the initial retirement application. In addition, the number of retirement applications filed each year is declining. Most of the active railroad employees who will be filing applications in the future are concentrated in specific geographic areas. Contact representatives working from approximately ten district offices could provide service to these future beneficiaries.

The chart on the following page shows that nine states have more than 25,000 beneficiaries, seven states have more than 10,000 workers, and six states have over 25,000 beneficiaries and over 10,000 workers.

Distribution of Railroad Employees and Beneficiaries



Recommendation

RRB management should develop a plan to reengineer the field service delivery processes and reduce the number of field offices. Based upon demographics, and through the use of alternative methods of service delivery, the agency should eliminate regional offices and significantly reduce the number of field offices from 86 to 10. These reductions will eliminate unnecessary offices and one layer of management, resulting in cost savings estimated in excess of \$10.6 million in salaries and benefits (255 FTEs) and \$1.3 million in rental charges annually.

Most of the reductions would be mid-level (district office) managers, regional office managers and administrative support staff in regional and district offices. These positions could be eliminated as a result of the consolidation of the field offices. Appendix 2 presents the number of positions which could be eliminated in each region.

As in the previous recommendation concerning agency organization, the projected cost savings do not include costs related to reductions in force. The agency should also consider submitting various strategies to the Administration and Congress to accomplish this streamlining proposal.

As part of its plan, the RRB should consider innovative methods of providing effective customer service that do not require the full-time offices. For example, more customer service representatives could provide itinerant service at various locations. A majority of the states with over 10,000 active railroad employees serve as the headquarters location for one or more major railroads. Contact representatives could schedule specific days to process retirement applications at these major railroad offices. Forming this type of partnership with railroad companies would benefit their employees and reduce the costs of the retirement program.

The RRB should also explore the possibility of locating terminals at Social Security Administration offices for use by contact representatives, sharing space with other Federal agencies, and using portable computers to maintain communication access with headquarters. The agency should study other technologies such as desktop video conferencing and electronic kiosks to provide service to more locations and significantly reduce the need for permanent office space. Based on the overall needs of the organization, the agency may be able to redirect some of the savings from streamlining the field service into a technology investment fund which could be used for purchasing new technology as it becomes available.

CONCLUSION

The Office of Inspector General is providing these recommendations to assist Board management in streamlining the RRB and improving the overall control environment.

A review of the recent agency reorganization indicates that the new structure is very similar to the previous one. Only one of the twenty-four bureaus and offices was eliminated, two key manager positions replace the previous one, and the only major consolidation was in the information systems area. The RRB has taken but a single step in the process to eliminate the bureaucracy that still exists.

RRB management must seize the opportunity to reinvent operations and implement changes that will be far-reaching. The RRB must also initiate action to significantly increase the involvement of agency personnel in reviewing policies and procedures and making decisions on proposed solutions. In simple terms, management must rethink the way agency benefit programs are administered.

Implementation of the recommendations contained in this document could yield annual savings of \$21.6 million and eliminate 422 full-time equivalent positions. These changes will not be easy to achieve, and will require much study and planning. However, the OIG believes that, through the recommended reorganization of the agency, particularly the field service, RRB management can demonstrate its commitment to genuine change and truly alter the way it conducts business.

HEADQUARTER POSITIONS ELIMINATED/MODIFIED PER 12/31/94 POSITION INDEX

Office Number	Office / Bureau	No.	Title	Old Grade	New Grade	Old Salary	New Salary	Salary Savings
400	Office of Secretary to the Board	0						
500	Office of General Counsel	0						
600	Bureau of Hearings and Appeals	0						
700	Office of Legal Affairs	0						
800	Office of Public Affairs	0						
1100	Office of Director of Administration	1	Executive Assistant	GS-15		82,329		82,329
		1	Executive Assistant	GS-14		69,990		69,990
		1	Administrative Aide	GS-10		37,827		37,827
1170	Office of Equal Opportunity	0						
1200	Bureau of Quality Assurance	1	PC Technical Specialist	GS-12		49,808		49,808
1500	Bureau of Personnel	0						
1600	Bureau of Fiscal Operations	2	Deputy Financial Officer	GS-15		82,329		164,658
		1	Administrative Officer	GS-09		34,348		34,348
		1	Computer Specialist	GS-13		59,227		59,227
		1	Financial Management Specialist	GS-13	GS-12	59,227	49,808	9,419
		1	Computer Specialist	GS-12		49,808		49,808
		1	Debt Recovery Manager	GS-15	GS-14	82,329	69,990	12,339
		1	Computer Specialist	GS-12		49,808		49,808
		1	PC/LAN Technical Specialist	GS-12		49,808		49,808
		1	Computer Specialist	GS-12		49,808		49,808
1700	Bureau of the Actuary	1	Computer Programmer Analyst	GS-12		49,808		49,808
1800	Bureau of Information Resources Management	1	Administrative Specialist	GS-10		37,827		37,827
		1	Computer Specialist	GS-14		69,990		69,990
		1	Computer Specialist	GS-13		59,227		59,227
		1	Computer Specialist	GS-13		59,227		59,227
2100	Office of Retirement & Survivor Programs	1	Trust & Collections Analyst	GS-13		59,227		59,227
		1	Administrative Officer	GS-12		49,808		49,808
		2	Administrative Clerk	GS-05		22,670		45,340
		1	Management Analyst	GS-12		49,808		49,808
		1	Supervisory Railroad Retirement Claims Specialist	GS-13		59,227		59,227
		7	Railroad Retirement Claims Specialist	GS-11		41,557		290,899
		1	Railroad Retirement Claims Specialist	GS-11		41,557		41,557
		1	Railroad Retirement Claims Specialist	GS-09		34,348		34,348
		1	Investigations Clerk	GS-05		22,670		22,670
		1	Chief, Programs Procedures & Projects Analysis	GS-14		69,990		69,990
		1	Program Benefits Analyst	GS-13		59,227		59,227
		1	Supervisory Railroad Retirement Claims Specialist	GS-13		59,227		59,227

HEADQUARTER POSITIONS ELIMINATED/MODIFIED PER 12/31/94 POSITION INDEX

Office Number	Office / Bureau	No.	Title	Old Grade	New Grade	Old Salary	New Salary	Salary Savings
		1	Assistant Chief, Medicare Programs	GS-12		49,808		49,808
		1	Supervisory Claims Specialist (Health Insurance Benefit)	GS-10		37,827		37,827
		1	Supervisory Claims Specialist (Health Insurance Benefit)	GS-10		37,827		37,827
		1	Chief, Claims Policy & Procedures	GS-13		59,227		59,227
		5	Claims Policy & Operations Specialist	GS-12		49,808		249,040
		1	Claims Policy & Operations Specialist	GS-11		41,557		41,557
		3	Railroad Retirement Claims Specialist (Disability)	GS-12		49,808		149,424
		1	Office Automation Clerk	GS-04		20,260		20,260
3000	Bureau of Supply and Service	1	Administrative Officer	GS-11		41,557		41,557
		1	Lead Mail Clerk	GS-05		22,670		22,670
		1	Assistant Chief of Files Records & Supplies	GS-10		37,827		37,827
6000	Bureau of Research & Employment Accounts	1	Program Benefits Analyst	GS-14		69,990		69,990
		1	Assistant to the Director	GS-12		49,808		49,808
		1	Management Analyst	GS-12		49,808		49,808
		1	Financial Interchange Operations Analyst	GS-12		49,808		49,808
		1	Communications Specialist	GS-12		49,808		49,808
		2	Compensation Reporting Specialist	GS-12		49,808		99,616
		1	Chief, Methods and Procedures Section	GS-13		59,227		59,227
		1	Management Analyst	GS-12		49,808		49,808
		1	Methods & Procedures Analyst	GS-11		41,557		41,557
		1	Methods & Procedures Assistant	GS-08		31,094		31,094
8000	Bureau of Unemployment & Sickness Insurance	1	Director of Unemployment & Sickness Insurance	ES-04	GS-15	114,725	82,329	32,396
		1	Deputy Director of Unemployment & Sickness Insurance	GS-15		82,329		82,329
		1	PC Technical Specialist	GS-13		59,227		59,227
		1	Administrative Officer	GS-12		49,808		49,808
		1	Management Analyst	GS-11		41,557		41,557
		1	Administrative Officer	GS-09		34,348		34,348
		1	Administrative Clerk	GS-05		22,670		22,670
		1	Experience Rating Operations Analyst	GS-12		49,808		49,808
		1	Deputy Director of Program Operations	GS-13		59,227		59,227
		2	Claims Examiner (Unemployment)	GS-09		34,348		68,696
		1	Claims Examiner (Unemployment)	GS-08		31,094		31,094
		1	Director Program Policy Planning & Evaluation	GS-15		82,329		82,329
		1	Deputy Director - Program Policy Planning & Evaluation	GS-14		69,990		69,990
		1	Computer Specialist	GS-12		49,808		49,808
		1	Unemployment & Sickness Claims Specialist	GS-12		49,808		49,808
		1	Secretary (Office Automation)	GS-06		25,267		25,267

HEADQUARTER POSITIONS ELIMINATED/MODIFIED PER 12/31/94 POSITION INDEX

Office Number	Office / Bureau	No.	Title	Old Grade	New Grade	Old Salary	New Salary	Salary Savings
		1	Office Automation Assistant	GS-05		22,670		22,670
		2	Adjudication & Procedure Specialist	GS-12		49,808		99,616
		1	Deputy Director of Debt Management	GS-13		59,227		59,227
		1	Debt & Recovery Analyst	GS-12		49,808		49,808
		2	Recovery Management Specialist	GS-11		41,557		83,114
9000	Bureau of Data Processing	1	Deputy Director Bureau of Data Processing	GS-15		82,329		82,329
		1	Supervisory Management Analyst	GS-13		59,227		59,227
		3	Management Analyst	GS-12		49,808		149,424
		1	Computer Specialist	GS-13		59,227		59,227
		1	Computer Specialist (Instruction)	GS-12		49,808		49,808
		1	Administrative Officer (Budget)	GS-11		41,557		41,557
		1	Administrative Officer	GS-09		34,348		34,348
		1	Supervisory Computer Program Analyst	GS-14		69,990		69,990
		1	Database Applications Specialist	GS-13		59,227		59,227
		1	Supervisory Computer Program Analyst	GS-14		69,990		69,990
		1	Computer Programmer Analyst	GS-13		59,227		59,227
		1	Database Applications Specialist	GS-13		59,227		59,227
		1	Deputy Division Chief	GS-14		69,990		69,990
		1	Lead Data Base Administration Specialist	GS-13		59,227		59,227

170	Total Positions
167	Positions Eliminated
3	Positions Modified

Salary Savings	8,074,713
Benefit Savings - 20%	1,614,943
Total Savings	9,689,656

**BUREAU OF FIELD SERVICE (BFS)
SAVINGS - SALARY & BENEFITS**

Grade	Total Number	Number to Allocate	Number to Eliminate	Salary	Salary & Benefits	Savings
GS-4/5	30	6	24	\$18,949	\$22,739	\$545,736
GS-6	18	12	6	\$23,632	\$28,358	\$170,148
GS-7	6	0	6	\$26,259	\$31,511	\$189,066
GS-8	160	75	85	\$29,082	\$34,898	\$2,966,330
GS-9	6	0	6	\$32,125	\$38,550	\$231,300
GS-10	92	43	49	\$35,379	\$42,455	\$2,080,295
GS-11	23	0	23	\$38,867	\$46,640	\$1,072,720
GS-12	44	0	44	\$46,584	\$55,901	\$2,459,644
GS-13	13	5	8	\$55,394	\$66,473	\$531,784
GS-14	4	5	0	\$65,460	\$78,552	\$0
GS-15	5	0	4	\$77,001	\$92,401	\$369,604
Totals	401	146	255			\$10,616,627

Note: BFS headquarters employees are excluded. Employees and savings relate to BFS field personnel only.

Total liabilities	52,328,729	52,377,047	56,964,483	58,817,483
NET POSITION:				
Invested capital	3,034,052	3,033,881	3,033,881	3,033,881
Cumulative results of operations	-8,081,784	-8,995,345	-9,205,364	-9,153,364
Total net position	-5,047,732	-5,961,464	-6,171,483	-6,119,483
Total liabilities and net position	47,280,997	46,415,583	50,793,000	52,698,000

Object Classification (in thousands of dollars)

Identification code 18-4020-0-3-372	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	22,895,357	24,276,848	25,259,482
11.3 Other than full-time permanent	3,620,732	3,474,202	3,706,582
11.5 Other personnel compensation	4,264,914	4,126,928	4,021,573
11.8 Special personal services payments	13	13	13
11.9 Total personnel compensation	30,781,016	31,877,991	32,987,650
12.1 Civilian personnel benefits	7,764,982	8,797,114	9,404,487
13.0 Benefits for former personnel	1,103,326	1,159,489	1,268,897
21.0 Travel and transportation of persons	149,734	155,468	164,787
22.0 Transportation of things	3,856,950	4,097,701	4,340,283
23.1 Rental payments to GSA	37,984	38,688	39,687
23.2 Rental payments to others	558,118	600,930	646,128
23.3 Communications, utilities, and miscellaneous charges	489,744	532,798	573,100
24.0 Printing and reproduction	90,144	132,677	159,475
25.2 Other services	1,660,306	1,955,248	1,629,059
26.0 Supplies and materials	1,207,566	954,461	1,026,715
31.0 Equipment	571,023	2,428,016	1,353,390
32.0 Land and structures	1,011,709	1,143,980	805,399
42.0 Insurance claims and indemnities	133,290	98,158	101,411
Interest and dividends:			
43.0 Notes and bonds	777,867	644,721	709,233
43.0 Civil Service unfunded liabilities	1,336,354	1,362,400	1,549,389
99.9 Total obligations	51,530,113	55,979,840	56,759,090

Personnel Summary

Identification code 18-4020-0-3-372	1994 actual	1995 est.	1996 est.
Total compensable workyears:			
5005 Full-time equivalent of overtime and holiday hours	70,982	65,055	59,865
5011 Exempt full-time equivalent employment	786,608	802,176	813,599

RAILROAD RETIREMENT BOARD

Federal Funds

General and special funds:

[DUAL BENEFITS PAYMENTS ACCOUNT] FEDERAL WINDFALL SUBSIDY

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, [\$261,000,000] \$240,000,000, which shall include amounts becoming available in fiscal year [1995] 1996 pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds [\$261,000,000] \$240,000,000: *Provided*, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 60-0111-0-1-601	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations (object class 41.0)	269,365	261,010	240,009
Financing:			
25.00 Unobligated balance expiring	7,640		
39.00 Budget authority	277,005	261,010	240,009
Budget authority:			
40.00 Appropriation	277,000	261,000	240,000

42.00 Transferred from other accounts	5	10	9
43.00 Appropriation (total)	277,005	261,010	240,009
Relation of obligations to outlays:			
71.00 Total obligations	269,365	261,010	240,009
90.00 Outlays	269,365	261,010	240,009

This appropriation is a Federal subsidy to the rail industry pension for costs not financed by the railroad sector. The American taxpayer subsidy is about \$1,000 per rail employee.

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, \$300,000, to remain available through September 30, [1996] 1997, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 60-0113-0-1-601	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations (object class 42.0)	3,459,415	3,331,390	3,422,691
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance		-174	-174
24.40 Unobligated balance available, end of year: Treasury balance	174	174	174
39.00 Budget authority	3,459,589	3,331,390	3,422,691
Budget authority:			
Current:			
40.00 Appropriation	300	300	300
41.00 Transferred to other accounts	-5	-10	-9
43.00 Appropriation (total)	295	290	291
Permanent:			
60.05 Appropriation (indefinite)	3,459,294	3,331,100	3,422,400
Relation of obligations to outlays:			
71.00 Total obligations	3,459,415	3,331,390	3,422,691
90.00 Outlays	3,459,415	3,331,390	3,422,691

This account funds interest on uncashed checks, military service credits, financial interchange advances, taxes on Tier I railroad retirement benefits, and a direct Federal subsidy to the rail pension fund.

SPECIAL MANAGEMENT IMPROVEMENT FUND

To effect management improvements, including the reduction of backlogs, accuracy of taxation accounting, and debt collection, [\$1,640,000] \$659,000, to be derived from the railroad retirement accounts and railroad unemployment insurance account: *Provided*, That these funds shall supplement, not supplant, existing resources devoted to such operations and improvements. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 60-0200-0-1-601	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	3,195	1,640	659
Financing:			
25.00 Unobligated balance expiring	105		
40.00 Budget authority (appropriation)	3,300	1,640	659
Relation of obligations to outlays:			
71.00 Total obligations	3,195	1,640	659

General and special funds—Continued

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS—Continued

SPECIAL MANAGEMENT IMPROVEMENT FUND—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 60-0200-0-1-601	1994 actual	1995 est.	1996 est.
72.40 Obligated balance, start of year: Unpaid obligations:			
Treasury balance		119	119
74.40 Obligated balance, end of year: Unpaid obligations:			
Treasury balance	-119	-119	-119
90.00 Outlays	3,076	1,640	659

Object Classification (in thousands of dollars)

Identification code 60-0200-0-1-601	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	1,992	1,124	528
11.3 Other than full-time permanent	22	12	
11.5 Other personnel compensation	474	110	
11.9 Total personnel compensation	2,488	1,246	528
12.1 Civilian personnel benefits	459	281	124
25.1 Advisory and assistance services		18	
25.2 Other services	12	10	7
26.0 Supplies and materials	43	5	
31.0 Equipment	193	80	
99.9 Total obligations	3,195	1,640	659

Personnel Summary

Identification code 60-0200-0-1-601	1994 actual	1995 est.	1996 est.
Total compensable workyears:			
1001 Full-time equivalent employment	58	31	14
1005 Full-time equivalent of overtime and holiday hours	10	3	

REGIONAL RAIL TRANSPORTATION PROTECTIVE ACCOUNT

Program and Financing (in thousands of dollars)

Identification code 60-0110-0-1-603	1994 actual	1995 est.	1996 est.
Relation of obligations to outlays:			
71.00 Total obligations			
72.40 Obligated balance, start of year: Unpaid obligations:			
Treasury balance	9	5	5
74.40 Obligated balance, end of year: Unpaid obligations:			
Treasury balance	-5	-5	-5
90.00 Outlays	4		

Under the Regional Rail Reorganization Act, this appropriation provides the Railroad Retirement Board with funds to administer certain aspects of an employee protection agreement, benefit schedule, and other functions.

Trust Funds

**RAILROAD UNEMPLOYMENT INSURANCE TRUST FUND
[LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE
ADMINISTRATION FUND]**

[For further expenses necessary for the Railroad Retirement Board, for administration of the Railroad Unemployment Insurance Act, not less than \$17,031,000 shall be apportioned for fiscal year 1995 from moneys credited to the railroad unemployment insurance administration fund.] (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 60-8051-0-7-603	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Benefit payments	66,424	70,100	68,900

00.02 Administrative expenses	16,828	17,031	17
10.00 Total obligations	83,252	87,131	86,500
Financing:			
39.00 Budget authority	83,252	87,131	86
Budget authority:			
Current:			
40.26 Appropriation (trust fund, definite)	16,828	17,031	17
Permanent:			
60.27 Appropriation (trust fund, indefinite)	66,424	70,100	68,900
Relation of obligations to outlays:			
71.00 Total obligations	83,252	87,131	86
72.40 Obligated balance, start of year: Unpaid obligations:			
Treasury balance	1,423	1,422	1,422
74.40 Obligated balance, end of year: Unpaid obligations:			
Treasury balance	-1,422	-1,422	-1,422
90.00 Outlays	83,253	87,131	86,500

Note.—Appropriations language for the FY 1996 request for administrative expenses is included with the limitation on administration of the Rail Industry Pension Fund.

The Board administers a separate fund for unemployment and sickness insurance payments. Administrative expenses are financed from employer unemployment taxes.

WORKLOAD

	1990 actual	1993 actual	1994 actual	1995 est.	1996 est.
Unemployment claims	300,351	206,509	190,950	170,000	166
Cumulative workload decline (%)		-31%	-36%	-43%	-45%
Sickness Claims	269,926	201,977	205,528	195,000	191
Cumulative workload decline (%)		-25%	-24%	-28%	-29%

Object Classification (in thousands of dollars)

Identification code 60-8051-0-7-603	1994 actual	1995 est.	1996 est.
42.0 Insurance claims and indemnities	66,424	70,100	68
93.0 Limitation on expenses	16,828	17,031	17,600
99.9 Total obligations	83,252	87,131	86,500

Personnel Summary

Identification code 60-8051-0-7-603	1994 actual	1995 est.	1996 est.
Total compensable workyears:			
1001 Full-time equivalent employment	293	280	
1005 Full-time equivalent of overtime and holiday hours	1		

RAIL INDUSTRY PENSION FUND

Program and Financing (in thousands of dollars)

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	2,948,244	2,962,663	2 100
Financing:			
Unobligated balance available, start of year:			
21.40 Treasury balance	15,025	9,540	
U.S. Securities:			
21.41 Par value	-10,677,999	-10,596,378	-10,586,838
21.42 Unrealized discounts	80,172		
Unobligated balance available, end of year:			
24.40 Treasury balance	-9,540		
U.S. Securities:			
24.41 Par value	10,596,378	10,586,838	10 838
24.42 Unrealized discounts			
39.00 Budget authority (gross)	2,952,280	2,962,663	2,985,100
Budget authority:			
60.27 Appropriation (trust fund, indefinite)	3,092,596	3,364,096	3,408,351
60.45 Portion precluded from obligation	-144,352	-405,133	-426,951
63.00 Appropriation (total)	2,948,244	2,958,963	2,981,400
68.00 Spending authority from offsetting collections	4,036	3,700	3,700

Relation of obligations to outlays:				
00	Total obligations	2,948,244	2,962,663	2,985,100
00	Obligated balance, start of year: Unpaid obligations: Treasury balance	215,092	217,563	219,863
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	-217,563	-219,863	-222,563
87.00	Outlays (gross)	2,945,773	2,960,363	2,982,400
Adjustments to gross budget authority and outlays:				
88.00	Offsetting collections from: Federal sources	-4,036	-3,700	-3,700
89.00	Budget authority (net)	2,948,244	2,958,963	2,981,400
90.00	Outlays (net)	2,941,737	2,956,663	2,978,700

Railroad retirees generally receive the equivalent to a social security benefit and a rail industry pension collectively bargained like other private pension plans but embedded in Federal law. Some 169,000 individuals also receive a "windfall" benefit.

Status of Funds (in thousands of dollars)

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.	
Unexpended balance, start of year:				
0100	Treasury balance	-15,025		
U.S. Securities:				
0101	Par value	10,456,576	10,596,378	11,071,045
0102	Unrealized discounts	-80,172	-33,763	-52,987
0199	Total balance, start of year	10,361,379	10,562,615	11,018,058
Cash income during the year:				
Governmental receipts:				
0200	Refunds, Rail Industry Pension Fund	-28,250	-14,000	-7,500
0201	Taxes, Rail Industry Pension Fund	2,263,302	2,314,800	2,325,000
0202	RUI Repayment Taxes, Rail Industry Pension Fund	32,645		
Intragovernmental transactions:				
0240	Interest and profits on investments in public debt securities, Rail Industry Pension Fund	525,481	933,200	938,900
0242	Federal payments to railroad retirement trust funds, Rail Industry Pension Fund	384,046	178,106	200,106
Offsetting collections:				
0280	Rail Industry Pension Fund	4,036	3,700	3,700
0297	Income under present law	3,181,260	3,415,806	3,460,206
0299	Total cash income	3,181,260	3,415,806	3,460,206
Cash outgo during year:				
0500	Rail Industry Pension Fund	-2,945,773	-2,960,363	-2,982,400
0645	Repayment adjustment	-34,251		
Unexpended balance, end of year:				
U.S. Securities:				
0701	Par value	10,596,378	11,071,045	11,578,796
0702	Unrealized discounts	-33,763	-52,987	-82,932
0799	Total balance, end of year	10,562,615	11,018,058	11,495,864

Object Classification (in thousands of dollars)

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.	
Direct obligations:				
42.0	Insurance claims and indemnities	2,848,942	2,874,600	2,895,600
43.0	Interest and dividends	15,452	4,000	4,000
93.0	Administrative expenses (see separate schedule)	79,814	80,363	81,800
99.0	Subtotal, direct obligations	2,944,208	2,958,963	2,981,400
99.0	Subtotal, direct obligations	4,036	3,700	3,700
99.9	Total obligations	2,948,244	2,962,663	2,985,100

LIMITATION ON ADMINISTRATION

For necessary expenses for the Railroad Retirement Board, \$73,881,000 in administering the Railroad Retirement Act and the Railroad Unemployment Insurance Act, \$92,700,000, to be derived as authorized by section 15(h) of the Railroad Retirement Act and section 10(a) of the Railroad Unemployment Insurance Act, from the accounts referred to in those sections [from the railroad retirement accounts: Provided, That \$200,000 of the foregoing amount shall be available only to the extent necessary to process workloads not anticipated in the budget estimates and after maximum absorption of the

costs of such workloads within the remainder of the existing limitation has been achieved: Provided further, That for fiscal year 1995 only, notwithstanding any other provision of law, no portion of this limitation shall be available for payments of standard level user charges pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j); 45 U.S.C. 231-231u)]. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Program and Financing (In thousands of dollars)

	1994 actual	1995 est.	1996 est.
Program by activities:			
Direct program:			
Rail Industry Pension Fund:			
Total, Rail Industry Pension Fund	46,286	45,981	46,900
Railroad Social Security Equivalent Benefit:			
Total, Railroad Social Security Equivalent Benefit	24,784	25,600	26,100
Supplemental Annuity Pension Fund:			
Total, Supplemental Annuity Pension Fund	2,082	2,100	2,100
Railroad Unemployment Insurance Trust Fund:			
Total, Railroad Unemployment Insurance Trust Fund			17,600
Total, direct program	73,152	73,681	92,700
Reimbursable program	4,036	3,700	3,700
Total obligations	77,188	77,381	96,400
Financing:			
Offsetting collections from: Trust funds	-4,036	-3,700	-3,700
Unobligated balance expiring	639	200	
Limitation	73,791	73,881	92,700
Relation of obligations to outlays:			
Obligations incurred, net	73,152	73,681	92,700
Obligated balance, start of year		6,900	6,900
Obligated balance, end of year	-6,900	-6,900	-6,900
Outlays from limitation	66,252	73,681	92,700

The table below shows the continued decline anticipated in major workloads.

	1992 actual	1993 actual	1994 actual	1995 est.	1996 est.
Pending, start of year	17,001	16,710	12,437	11,937	12,237
New Railroad Retirement applications	67,086	59,606	56,267	60,000	56,000
New Social Security certifications	7,956	7,353	6,951	7,000	7,000
Total dispositions (excluding partial awards)	75,333	71,232	63,718	66,700	64,040
Pending, end of year	16,710	12,437	11,937	12,237	11,197

As shown below, the Board projects this workload will continue to decline, as the number of beneficiaries on the rolls continues to decline.

	1980 actual	1990 actual	1993 actual	1994 actual	1995 est.	1996 est.
Total beneficiaries	1,009,500	894,196	843,204	819,931	800,400	777,300

In recognition of the continuing decline in virtually all its major workloads, the Board will explore and adopt new approaches to improve service to beneficiaries.

Object Classification (in thousands of dollars)

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.	
Limitation Acct—Direct Obligations:				
Personnel compensation:				
11.1	Full-time permanent	45,620	46,079	58,212
11.3	Other than full-time permanent	1,073	1,181	1,075
11.5	Other personnel compensation	741	621	788
11.9	Total personnel compensation	47,434	47,881	60,075
12.1	Civilian personnel benefits	9,403	9,691	12,573
13.0	Benefits for former personnel	847	122	150
21.0	Travel and transportation of persons	571	658	896
22.0	Transportation of things	188	149	204
23.1	Rental payments to GSA	4,700	2,680	3,653
23.3	Communications, utilities, and miscellaneous charges	2,788	3,399	4,389
24.0	Printing and reproduction	357	411	608
25.1	Advisory and assistance services	475	452	450
25.2	Other services	5,135	6,491	7,852
26.0	Supplies and materials	862	1,181	1,400
31.0	Equipment	392	566	450
93.0	Limitation on expenses	-73,152	-73,681	-92,700

LIMITATION ON ADMINISTRATION—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.
99.0 Subtotal, limitation acct—direct obligations			
Limitation Acct—Reimbursable Obligations:			
Personnel compensation:			
11.1 Full-time permanent	2,765	2,512	2,520
11.3 Other than full-time permanent	30	30	30
11.5 Other personnel compensation	40	40	40
11.9 Total personnel compensation	2,835	2,582	2,590
12.1 Civilian personnel benefits	555	515	517
21.0 Travel and transportation of persons	45	45	45
22.0 Transportation of things	25	25	25
23.3 Communications, utilities, and miscellaneous charges	255	233	233
24.0 Printing and reproduction	30		
25.2 Other services	231	240	240
26.0 Supplies and materials	40	40	35
31.0 Equipment	20	20	15
93.0 Limitation on expenses	-4,036	-3,700	-3,700
99.0 Subtotal, limitation acct—reimbursable obligations			

Personnel Summary

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.
Limitation account—direct:			
Total compensable workyears:			
6001 Full-time equivalent employment	1,221	1,193	1,386
6005 Full-time equivalent of overtime and holiday hours	3	1	1
Limitation account—reimbursable:			
7001 Total compensable workyears: Full-time equivalent employment	44	44	44

LIMITATION ON THE OFFICE OF INSPECTOR GENERAL

For expenses necessary for the Office of Inspector General for audit, investigatory and review activities, as authorized by the Inspector General Act of 1978, as amended, not more than [\$6,682,000] \$6,700,000, to be derived from the railroad retirement accounts and railroad unemployment insurance account. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

	1994 actual	1995 est.	1996 est.
Program by activities:			
Operations (total obligations)	7,012	7,094	7,225
Financing:			
Offsetting collections from trust funds	-350	-412	-525
Unobligated balance expiring	80		
Limitation	6,742	6,682	6,700
Relation of obligations to outlays:			
Obligations incurred, net	7,012	7,094	7,225
Obligated balance, start of year		640	640
Obligated balance, end of year	-640	-640	-640
Outlays from limitation	6,372	7,094	7,225

Object Classification (in thousands of dollars)

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	4,483	4,757	4,770
11.5 Other personnel compensation	99	105	93
11.9 Total personnel compensation	4,582	4,862	4,863
12.1 Civilian personnel benefits	1,189	1,285	1,254
21.0 Travel and transportation of persons	430	370	447
22.0 Transportation of things	12	10	8
23.3 Communications, utilities, and miscellaneous charges	16	10	10
24.0 Printing and reproduction	2		
25.2 Other services	299	105	78
26.0 Supplies and materials	41	20	26

31.0 Equipment	91	20	14
93.0 Limitation on expenses	-6,662	-6,682	-6,700
99.0 Subtotal, limitation account—direct			

Personnel Summary

Identification code 60-8011-0-7-601	1994 actual	1995 est.	1996 est.
8001 Total compensable workyears: Full-time equivalent employment	92	90	85

SUPPLEMENTAL ANNUITY PENSION FUND

Program and Financing (in thousands of dollars)

Identification code 60-8012-0-7-601	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	94,008	91,200	86,700
Financing:			
Unobligated balance available, start of year:			
21.40 Treasury balance	1,645	230	
21.41 U.S. Securities: Par value	-49,538	-42,327	-42,097
Unobligated balance available, end of year:			
24.40 Treasury balance	-230		
24.41 U.S. Securities: Par value	42,327	42,097	42,097
60.27 Budget authority (appropriation) (trust fund, indefinite)	88,212	91,200	86,700
Relation of obligations to outlays:			
71.00 Total obligations	94,008	91,200	86,700
72.40 Obligated balance, start of year: Unpaid obligations:			
Treasury balance	2,129	1,587	1,587
74.40 Obligated balance, end of year: Unpaid obligations:			
Treasury balance	-1,587	-1,587	-1,587
90.00 Outlays	94,550	91,200	86,700

In addition to rail social security, rail industry pensions and special windfalls, the Railroad Retirement Board pays supplemental annuities to rail workers retiring at age 60 with 30 years of creditable rail service or at age 65 with 25-29 years of creditable service. Monthly benefit amounts are calculated from a base of \$23, adding \$4 for every year of service over 25, up to a maximum monthly benefit of \$43. Employers finance benefits on a pay-as-you-go basis by a cents-per-hour tax, currently established at 33 cents per hour.

Status of Funds (in thousands of dollars)

Identification code 60-8012-0-7-601	1994 actual	1995 est.	1996 est.
Unexpended balance, start of year:			
0100 Treasury balance	3,794	6,912	9,661
0101 U.S. Securities: Par value	49,538	42,327	36,781
0199 Total balance, start of year	53,332	49,239	46,442
Cash income during the year:			
Governmental receipts:			
0200 Supplemental annuity taxes, Supplemental Annuity Pension Fund, RRB	89,847	86,400	83,800
0201 Refunds, Supplemental Annuity Pension Fund, Refunds	-1,699	-800	-500
Intragovernmental transactions:			
0240 Interest and profits on investments in public debt securities, Supplemental Annuity Pension Fund, RRB	2,307	2,800	2,400
0241 Unnegotiated checks, Supplemental Annuity Pension Fund, RRB	2	3	3
0297 Income under present law	90,457	88,403	85,703
0299 Total cash income	90,457	88,403	85,703
Cash outgo during year:			
0500 Supplemental Annuity Pension Fund	-94,550	-91,200	-86,700
Unexpended balance, end of year:			
0700 Treasury balance	6,912	9,661	11,924
0701 U.S. Securities: Par value	42,327	36,781	33,521
0799 Total balance, end of year	49,239	46,442	45,445

Object Classification (in thousands of dollars)

code 60-8012-0-7-601		1994 actual	1995 est.	1996 est.
42.0	Insurance claims and indemnities	93,109	90,400	86,500
43.0	Interest and dividends	899	800	200
99.9	Total obligations	94,008	91,200	86,700

RAILROAD SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT

Program and Financing (in thousands of dollars)

Identification code 60-8010-0-7-601		1994 actual	1995 est.	1996 est.
Program by activities:				
10.00	Total obligations	7,984,474	8,247,600	8,398,700
Financing:				
Unobligated balance available, start of year:				
21.40	Treasury balance	-20,772	11,613	
21.41	U.S. Securities: Par value	-1,531,862	-1,564,247	-1,552,634
Unobligated balance available, end of year:				
24.40	Treasury balance	-11,613		
24.41	U.S. Securities: Par value	1,564,247	1,552,634	1,552,634
39.00	Budget authority	7,984,474	8,247,600	8,398,700
Budget authority:				
60.27	Appropriation (trust fund, indefinite)	8,061,573	8,415,637	8,594,948
60.45	Portion precluded from obligation	-77,099	-168,037	-196,248
63.00	Appropriation (total)	7,984,474	8,247,600	8,398,700

Relation of obligations to outlays:

71.00	Total obligations	7,984,474	8,247,600	8,398,700
72.40	Obligated balance, start of year: Unpaid obligations:			
	Treasury balance	31,582	98,780	197,980
	Obligated balance, end of year: Unpaid obligations:			
	Treasury balance	-98,780	-197,980	-249,680
90.00	Outlays	7,917,276	8,148,400	8,347,000

All railroad retirees receive the equivalent of a social security benefit, and they may also receive other add-ons including rail industry pension payments, windfall payments, and supplemental annuities. Social security benefits for former railroad employees are funded by the social security trust funds, and rail industry pension payments are the responsibility of the rail sector.

Status of Funds (in thousands of dollars)

Identification code 60-8010-0-7-601		1994 actual	1995 est.	1996 est.
Unexpended balance, start of year:				
0100	Treasury balance	-20,773	11,792	55,640
0101	U.S. Securities: Par value	1,454,763	1,564,247	1,815,580
0199	Total balance, start of year	1,433,990	1,576,039	1,871,220
Cash income during the year:				
Governmental receipts:				
0200	Railroad Soc. Sec. equivalent ben. acct. Taxes	1,807,957	1,854,600	1,871,000
0201	Railroad Soc. Sec. equivalent ben. acct. Receipts transferred to Federal hospital insurance trust fund	-394,400	-356,000	-364,000
0202	Railroad Soc. Sec. Equivalent Ben. Acct. Refunds	-14,488	-4,000	-4,000
Intragovernmental transactions:				
0240	Railroad Soc. Sec. equivalent ben. acct. Interest and profits on investments in public debt securities	77,902	115,700	128,500
0241	Railroad Soc. Sec. equivalent ben. acct. Income tax credits	56,073	39,181	51,182
0242	Railroad Soc. Sec. equivalent ben. acct. Interest transferred to Federal hospital insurance trust fund	-18,531	-36,000	-38,000
0243	Railroad Soc. Sec. equivalent ben. acct. Receipts from Federal old-age survivors ins. trust fund	3,419,562	3,669,000	3,773,000
0244	Railroad Soc. Sec. equivalent ben. acct. Receipts from Federal disability ins. trust fund	105,955	47,000	34,000
0245	Railroad Soc. Sec. equivalent ben. acct. Advances from the general fund	3,019,295	3,114,100	3,171,400
0297	Income under present law	8,059,325	8,443,581	8,623,082

0299	Total cash income	8,059,325	8,443,581	8,623,082
Cash outgo during year:				
0500	Railroad social security equivalent benefit account	-7,917,276	-8,148,400	-8,347,000
Unexpended balance, end of year:				
0700	Treasury balance	11,792	55,640	83,774
0701	U.S. Securities: Par value	1,564,247	1,815,580	2,063,528
0799	Total balance, end of year	1,576,039	1,871,220	2,147,302

Object Classification (in thousands of dollars)

Identification code 60-8010-0-7-601		1994 actual	1995 est.	1996 est.
42.0	Insurance claims and indemnities	4,828,494	4,903,500	4,985,500
43.0	Interest and dividends	2,723	1,000	1,000
92.0	Repayment of benefit advances and loans	3,153,257	3,343,100	3,412,200
99.9	Total obligations	7,984,474	8,247,600	8,398,700

RESOLUTION TRUST CORPORATION

Federal Funds

General and special funds:

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended; [\$32,000,000] \$11,400,000. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995.)

Program and Financing (in thousands of dollars)

Identification code 22-1500-0-1-373		1994 actual	1995 est.	1996 est.
Program by activities:				
10.00	Total obligations	30,193	32,000	11,400
Financing:				
25.00	Unobligated balance expiring	4,121		
40.00	Budget authority (appropriation)	34,314	32,000	11,400
Relation of obligations to outlays:				
71.00	Total obligations	30,193	32,000	11,400
72.90	Obligated balance, start of year: Fund balance	8,166	6,110	8,670
73.00	Obligated balance transferred, net			-5,600
74.90	Obligated balance, end of year: Fund balance	-6,110	-8,670	
77.00	Adjustments in expired accounts	-1,438		
90.00	Outlays	30,811	29,440	14,470

Office of Inspector General activities include audits and investigations, and the prevention and detection of fraud, waste, and mismanagement in the disposition of insolvent savings and loan institutions and their assets by the Resolution Trust Corporation (RTC). The Office of Inspector General (OIG) was established in April 1990 in accordance with the Inspector General Act of 1978, as amended and the Financial Institutions Reform, Recovery, and Enforcement Act.

The fiscal year 1996 budget is for the final three months of the RTC OIG through December 31, 1995. After the RTC sunsets on December 31, 1995, all RTC assets and liabilities will be transferred to the FSLIC Resolution Fund and the RTC OIG's operations will merge with the FDIC OIG.

Object Classification (in thousands of dollars)

Identification code 22-1500-0-1-373		1994 actual	1995 est.	1996 est.
Personnel compensation:				
11.1	Full-time permanent	16,885	18,174	4,982
11.5	Other personnel compensation	777	727	216
11.9	Total personnel compensation	17,662	18,901	5,198
12.1	Civilian personnel benefits	6,086	6,224	3,060
13.0	Benefits for former personnel			1,605
21.0	Travel and transportation of persons	1,893	2,337	546
22.0	Transportation of things	129	184	250
23.2	Rental payments to others	1,306	1,550	360

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I

Divider Title: _____

UNITED MINE WORKERS OF AMERICA BENEFIT FUNDS

DESCRIPTION: The UMWABF were established by the Coal Industry Retiree Health Benefit Act of 1992 to take over paying for medical care for a selected group of retired miners and their dependents who were eligible for health care from the private United Mine Workers of America Benefit Plans. The Fund's trustees represent the UMWA and various coal companies. The Fund is financed by assessments on current and former signatories to labor agreements with the UMW; transfers from an overfunded UMW pension fund; and commencing in 1996, transfers from the Abandoned Mine Land Reclamation Fund.

FY 1996 BUDGET PROPOSAL: The UMWA Combined Benefit Fund has a FY 1996 budget authority of \$333.152 million, a decrease of \$7.886 million from FY 1995. The UMWA 1992 Benefit Plan has a FY 1996 budget authority of \$10.632 million, an increase of \$263,000 from FY 1995 authorities. UMWABF has no FTE.

AGENCY PROPOSAL: UMWABF argues that it is not a federal agency subject to the NPR phase II review. UMWABF argues that the Coal Act specifically recognizes these trusts as private, multi-employer plans as described in Section 302(c)(5) of the Labor Management Relations Act and employee welfare benefit plans within the meaning of the Employee Retiree Income Security Act. The trusts are administered by boards of trustees who are appointed by private persons and entities.

DECISION OPTIONS:

- A. Accept the UMWABF position and drop the funds from the NPR review.
- B. Review the UMWABF position further and reschedule for later Steering Committee review.

ADVISORY GROUP RECOMMENDATION:

- A. Accept the UMWABF position and drop the funds from the NPR review.

RATIONALE: The fund does not appear to be a Federal agency.

STEERING COMMITTEE DECISION

UMWA HEALTH AND RETIREMENT FUNDS

4455 Connecticut Avenue, NW • Washington, DC 20008 • Telephone: (202) 895-3700

BY MESSENGER

February 21, 1995

The National Performance Review
750 17th Street, N.W.
Suite 200
Washington, DC 20006

Gentlemen:

As I discussed on the phone with Jerry Nikolaus on Friday, February 17, the UMWA Health & Retirement Funds has now received two faxes from your organization requesting our participation in the National Performance Review as a small Federal agency. The first fax, received on February 9, 1995, concerned an agency liaison meeting on February 13. I called your office on February 10 and left a voice mail message requesting information about the meeting but received no response. No representative of the Funds attended the meeting. On February 17, we received a fax directing submission of an option paper (no instructions provided) by close of business today.


The Funds are a collection of collectively-bargained Taft-Hartley trusts that provide pension and health benefits to retired coal miners and their eligible beneficiaries. The UMWA Combined Benefit Fund, and the UMWA 1992 Benefit Plan, two of the health benefit trusts that comprise the Funds, were created pursuant to the Coal Industry Retiree Health Benefit Act of 1992. However, Sections 9702 and 9712 of the Coal Act specifically recognize these trusts as a private, multiemployer plans as described in Section 302(c)(5) of the Labor Management Relations Act and employee welfare benefit plans within the meaning of the Employee Retiree Income Security Act. These trusts are administered by boards of trustees who are appointed by private persons and entities. The Funds' health benefit trusts also have entered into arrangements with the Health Care Financing Administration and the Department of Labor to provide Medicare Part B and Federal black lung services to Funds' beneficiaries; however, neither arrangement makes the Funds a Federal agency for any purpose.

Enclosed please find a copy of the Funds' most recent annual report, which describes the Funds' organization and financial

The National Performance Review
Page 2

status. As I told Mr. Nikolaus, the Funds do not believe that they are a small Federal agency subject to the National Performance Review and will not participate in the review until there is an appropriate explanation of the need to do so. If you have any further questions, please contact me. My direct dial number is (202) 895-3751.

Sincerely,


Margaret M. Topps
Deputy General Counsel

MMT:as
(mt\NPR)

Enclosure

THOMAS JEFFERSON COMMEMORATION COMMISSION

SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 48-0961-0-1-808	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	108		
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	-90	-44	
24.40 Unobligated balance available, end of year: Treasury balance	44		
25.00 Unobligated balance expiring		44	
40.00 Budget authority (appropriation)	62		
Relation of obligations to outlays:			
71.00 Total obligations	108		
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	1	26	
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-26		
90.00 Outlays	83	26	

The Thomas Jefferson Commemorative Commission was established by P.L. 102-343 to honor the 250th anniversary of Thomas Jefferson's birth. The Commission planned and developed activities to commemorate the anniversary. The Commission expired in 1994.

Object Classification (in thousands of dollars)

Identification code 48-0961-0-1-808	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	24		
11.3 Other than full-time permanent	5		
11.9 Total personnel compensation	29		
12.1 Civilian personnel benefits	7		
21.0 Travel and transportation of persons	4		
23.2 Rental payments to others	5		
23.3 Communications, utilities, and miscellaneous charges	3		
24.0 Printing and reproduction	3		
25.3 Purchases of goods and services from Government accounts	20		
26.0 Supplies and materials	1		
41.0 Grants, subsidies, and contributions	35		
99.9 Total obligations	108		

Personnel Summary

Identification code 48-0961-0-1-808	1994 actual	1995 est.	1996 est.
1001 Total compensable workyears: Full-time equivalent employment	1		

UNITED MINE WORKERS OF AMERICA BENEFIT FUNDS

Trust Funds

UNITED MINE WORKERS OF AMERICA COMBINED BENEFIT FUND

Program and Financing (in thousands of dollars)

Identification code 95-8295-0-7-551	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations (object class 42.0)	275,450	341,038	333,152
Financing:			
60.27 Budget authority (appropriation) (trust fund, indefinite)	275,450	341,038	333,152

Relation of obligations to outlays:			
71.00 Total obligations	275,450	341,038	333,152
90.00 Outlays	275,450	341,038	333,152

The Fund was established by the Coal Industry Retiree Health Benefit Act of 1992 to take over paying for medical care of retired miners and their dependents who were eligible for health care from the private 1950 and 1974 United Mine Workers of America Benefit Plans. The Fund's trustees represent the United Mine Workers of America and coal companies. The Fund is financed by assessments on current and former signatories to labor agreements with the United Mine Workers; transfers from an overfunded United Mine Workers pension fund; and, commencing in 1996, transfers from the Abandoned Mine Land Reclamation Fund.

Summary of Receipts (in thousands of dollars)

	1994 actual	1995 est.	1996 est.
Premiums	205,450	271,038	263,152
Transfers from UMWA pension plan, combined benefit fund	70,000	70,000	
Transfers from Abandoned Mine Land Reclamation Fund			70,000
Total receipts	275,450	341,038	333,152

UNITED MINE WORKERS OF AMERICA 1992 BENEFIT PLAN

Program and Financing (in thousands of dollars)

Identification code 95-8260-0-7-551	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations (object class 42.0)	10,510	10,369	10,632
Financing:			
60.27 Budget authority (appropriation) (trust fund, indefinite)	10,510	10,369	10,632
Relation of obligations to outlays:			
71.00 Total obligations	10,510	10,369	10,632
90.00 Outlays	10,510	10,369	10,632

The Plan was established by the Coal Industry Retiree Health Benefit Act of 1992. It pays for health care of miners retired between July 21, 1992 and September 30, 1994, and their dependents, who are eligible for benefits under an employer plan and cease to be covered, usually because an employer is out of business. Plan trustees are appointed by the United Mine Workers of America and the Bituminous Coal Operators Association, a coal industry bargaining group. The Plan is supported by signatories to the 1988 labor agreement with the United Mine Workers of America.

Summary of Receipts (in thousands of dollars)

	1994 actual	1995 est.	1996 est.
Premiums	10,510	10,369	10,632
Total receipts	10,510	10,369	10,632

UNITED STATES ENRICHMENT CORPORATION

Federal Funds

Public enterprise fund:

UNITED STATES ENRICHMENT CORPORATION FUND

Program and Financing (in thousands of dollars)

Identification code 95-4054-0-3-271	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Operating Expenses	1,418,749	1,211,700	1,320,143
00.02 Capital Expenses	46,500	41,300	40,000
10.00 Total obligations	1,465,249	1,253,000	1,360,143