

ANNUAL PERFORMANCE PLAN

*INCLUDING THE ANNUAL PROGRAM PERFORMANCE
REPORT FOR FISCAL YEAR 2002*



Fiscal Year 2004

U. S. Railroad Retirement Board

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Introduction

The Railroad Retirement Board (RRB) has developed this performance plan for fiscal year 2004 to support our mission (See Figure 1 on page 31.) and to communicate our intentions for meeting challenges and seeking opportunities. We will use the plan to hold managers accountable for achieving program results and to improve program effectiveness and public accountability by promoting a renewed focus on results, service quality, and customer satisfaction. We will also use the plan to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality.

The RRB has a long and distinguished tradition of excellence in serving our customers. In fiscal year 2002, we met or exceeded 77 percent of the reportable indicators in our annual performance plan.

A survey ranked the RRB's web site 12th out of 148 Federal government web sites that were studied for excellence.

This plan is closely linked to our **Strategic Plan for Fiscal Years 2000 - 2005** (See Figure 2 on page 33.) and can be easily cross-referenced to that plan. The President's fiscal year 2002 budget identified a set of government-wide reforms that agencies are expected to carry out over the next several years. These reforms are reflected in this annual performance plan in order to communicate our intentions for meeting these challenges. We will hold managers accountable for achieving these reforms, thereby making our agency more citizen-centered, results-oriented, and market-based.

The annual performance plan provides detailed performance goals, performance indicators and target levels to guide agency managers as they implement our Strategic Plan. It also communicates our plans to our stakeholders, including the railroad community, the Administration, the Congress, and other government agencies. It is one part of a comprehensive set of interlocking plans that cover all major aspects of agency operations. In this plan, we have established specific performance goals (with performance indicators and projected performance levels) to be achieved in fiscal year 2004. Additionally, it supports our other functional plans required to manage the agency. These functional plans include the **Customer Service Plan**, the **Strategic Information Resources Management (IRM) Plan**, and the **Information Technology (IT) Capital Plan**. These plans reflect input and feedback from our stakeholders, and they result in the annual submission of the agency budget to OMB and the Congress.

In fiscal year 2002, the RRB's unemployment/sickness insurance program earned a score of 75 in an American Customer Satisfaction Index (ACSI) survey, 5 points higher than the current overall Federal government score. In fiscal year 2001, we received an ACSI score of 82 for the retirement program.

The RRB's strategic and performance goals are outlined on pages 42-56. Information on anticipated performance in fiscal year 2004 for each performance goal, at the President's \$99.82 million budget level and at the agency's request level of \$102.5 million, is provided in Exhibit 1.

In support of the President's Management Agenda initiative to improve financial performance, by November 15, 2004, we will prepare and submit to the President and the Congress a report on program performance for fiscal year 2004, as part of our combined Performance and Accountability Report. The report will be audited by the RRB's Office of Inspector General (OIG) to help ensure the reliability and utility of our performance reports. The reported information will be derived from agency systems and will compare the performance goals and indicators to actual program performance for that fiscal year. This annual performance plan meets the requirements of the Government Performance and Results Act (GPRA) and was prepared by RRB employees.

Presidential Management Reforms

The President's Management Agenda includes five key government-wide initiatives to help government achieve better results. The following describes our efforts to implement those reforms.

Strategic management of human capital The RRB has focused on several aspects of human capital management during the past year. Three of the most significant were succession planning, organizational analysis, and technological improvements. In the area of succession planning, we completed a detailed analysis that covered employee eligibility for retirement, historical retirement trends, and projections of future retirements. We concluded that the succession problem is not limited to the executive and top management ranks, but extends to the next tier of managers and supervisors as well. This requires us to prepare employees in the middle grades to move up into management. In addition, we realize the impact of limited budget resources on our ability to hire new employees and the need to reduce staffing. As one way to reduce staffing, we requested and have been granted early retirement authority from the Office of Personnel Management (OPM) for fiscal year 2003.

In the area of organizational analysis, we completed an analysis in March 2002 that identified opportunities to reduce managerial/supervisory positions/layers and to strengthen front-line positions. In fiscal year 2003, we plan to begin implementing our recommendations and to reexamine the RRB's structure in light of changes made or new opportunities that may arise. In fiscal year 2004, we will analyze our agency structure again to assess the impact of technological changes and employee movement in order to increase the ratio of employees to supervisors.

In the area of technological improvements, we have expanded automation in the human resources environment. Through the use of Employee Express, a government-wide Internet-based transaction system sponsored by OPM, we have streamlined much of the routine paperwork involved with many human resources transactions. We purchased the system in mid-2002, and implemented it in early fiscal year 2003. This system improves service provided to employees by enabling them to complete many of their personal transactions on-line, in the office or from home.

Competitive sourcing In 2001, the RRB listed 14 commercial activities on its FAIR Act inventory. In fiscal year 2002, the RRB completed a detailed study of its activities to ensure the accuracy of its inventory. The RRB completed public-private or direct conversion competitions on 5 percent of the FTE's listed on the FAIR Act inventory in fiscal year 2002, and plans to complete an additional 10 percent in fiscal year 2003. For fiscal year 2004, our goal is to continue to meet the goals established by the Office of Management and Budget.

In 1994, the Office of Federal Procurement Policy (OFPP) developed a pilot project in which agencies volunteered to convert continuing contract requirements to performance-based service contracts (PBSC) when they came up for renewal. The RRB was one of eight agencies that participated in the pilot. This pilot demonstrated that the use of these methods should lead to more cost-effective acquisitions, better value and greater competition. OFPP's Best Practices Guide on PBSC cites the RRB program as an example of pro-active management support and direction from the highest agency levels. In fiscal years 2003 and 2004, we will award contracts over \$25,000 using PBSC techniques for not less than 20 percent of the total eligible service contracting dollars.

Improved financial performance In January 2003, the RRB's Office of Inspector General issued an unqualified ("clean") opinion on the RRB's 2002 financial statements. In their evaluation of internal controls, the OIG noted two material weaknesses. While RRB management does not agree that there is a material weakness in the overall control environment, significant efforts are underway to correct a material weakness regarding information security training and access controls. In support of the President's initiative to improve financial performance, we will prepare and submit to the President and the Congress a combined Performance and Accountability Report, beginning with fiscal year 2003.

The President's Management Agenda also includes a government-wide initiative for improved financial performance through the reduction of improper payments. The General Accounting Office has identified the systematic measurement of the extent of improper payments as a key step in addressing this problem. The RRB is working with the OIG in a collaborative effort to develop a methodology for estimating improper payments. Once this methodology is implemented, we can determine if the improper payments are significant enough to require corrective action, how much to cost-effectively invest in internal controls to correct the problem, and the impact of the actions taken to reduce improper payments.

Benefit payment accuracy rates have historically exceeded 99 percent. However, adequate funding is needed to continue high levels of payment accuracy. Without adequate funding, payment accuracy will decline.

Expanded electronic government Our purchasing staff publishes all required and many optional procurement notices via an Internet connection to the government-wide point-of-entry web site (www.FedBizOpps.gov). The notices include pre-solicitation and award notices, as well as market surveys. We have over 90 employees authorized to use Fast Pay Credit Card for rapid micro-purchases or other simplified acquisitions. In 2002, we competitively awarded a Blanket Purchasing Agreement to a vendor to acquire office supplies, with a next business day delivery, by using an Internet-based ordering system. Since 1998, we have maximized E-commerce in our disability examination contract. Our employees issue orders, receive examination reports, accept reports and release payments to vendors electronically.

We anticipate providing additional E-government options to our customers, eventually allowing them to perform all primary functions electronically. Our immediate goal is to provide review capabilities of beneficiary profiles as well as change of address and unemployment insurance application capabilities. The number and functionality of options provided will be constrained by available funding. We are also assisting in implementing the President's August 2002 directive to establish an interagency disability web site.

Budget and performance integration This annual performance plan shows a direct link between expected performance, resources requested, and resources consumed. Like our previous plans, it describes the planned and actual use of resources at the program activity level in terms of measurable results.

Figure 1

***RAILROAD RETIREMENT BOARD
MISSION STATEMENT***

The RRB's mission is to administer retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. These programs provide income protection during old age and in the event of disability, death or temporary unemployment and sickness. The RRB also administers aspects of the Medicare program and has administrative responsibilities under the Social Security Act and the Internal Revenue Code.

In carrying out its mission, the RRB will pay benefits to the right people, in the right amounts, in a timely manner, and safeguard our customers' trust funds. The RRB will treat every person who comes into contact with the agency with courtesy and concern, and respond to all inquiries promptly, accurately and clearly.

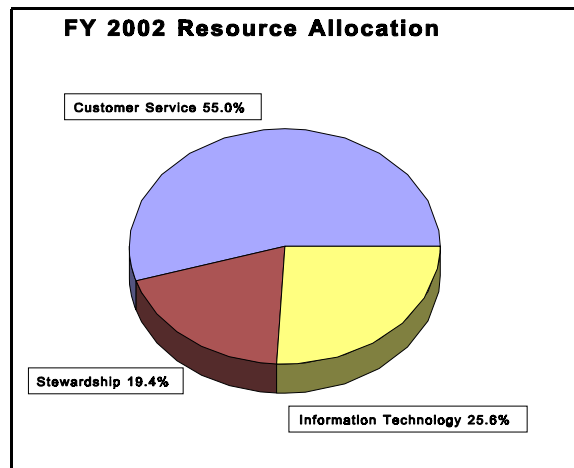
Annual Program Performance Report for Fiscal Year 2002

We are also submitting this document pursuant to the requirements of the Government Performance and Results Act (31 U.S.C. 1116(a)), which requires a report on program performance for the previous year. The annual program performance report (see Exhibits 1 and 2) is based on the major goals and objectives from the RRB's *Strategic Plan for 2000 - 2005* and its *Annual Performance Plan for Fiscal Year 2002*. The indicators we developed support our mission and communicate our awareness and intentions for meeting challenges and seeking opportunities for greater efficiency, effectiveness and economy. In order to meet our performance goals, the RRB holds managers accountable for achieving program results and improving program effectiveness by focusing on results, service quality, and customer satisfaction. In addition, the plan is used to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality. To provide reasonable assurance that the reported performance information is relevant and reliable, performance goals have been incorporated into performance standards for employees, monitored on an agency-wide basis, and made subject to audit by the agency's Office of Inspector General, as part

of our financial statements for fiscal year 2002.

Over the last several years, the RRB has implemented significant automation initiatives and other improvements. Because of these accomplishments, the RRB is able to operate with reduced resources and is continuing to streamline its operations with the assistance of information technology. We believe that continued investments in information technology and further management improvements will allow us to meet or exceed our customer service goals efficiently.

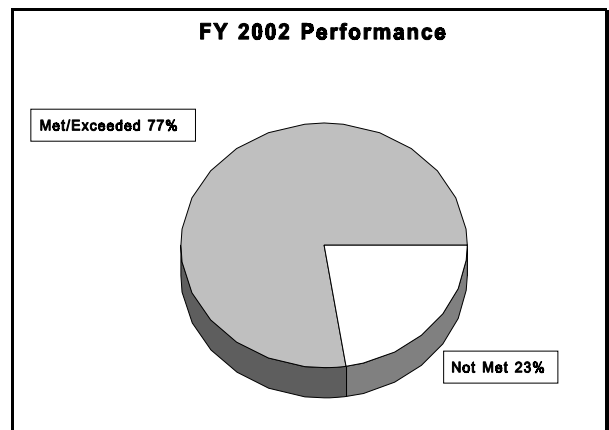
As the chart on the left shows, we devoted most of our budgetary resources to customer service and information technology.



In fiscal year 2002, the RRB implemented provisions of the RRSIA. The Act made significant changes to

the benefit payment structure and to the program's financing. Also in fiscal year 2002, a survey^{1/} ranked the RRB's web site 12th out of 148 Federal government web sites that were studied for excellence. In a recent American Customer Satisfaction Index (ACSI) survey^{2/} of RRB unemployment and sickness insurance beneficiaries, the RRB earned a score of 75, which is 5 points higher than the current national ACSI of 70 for the Federal government.

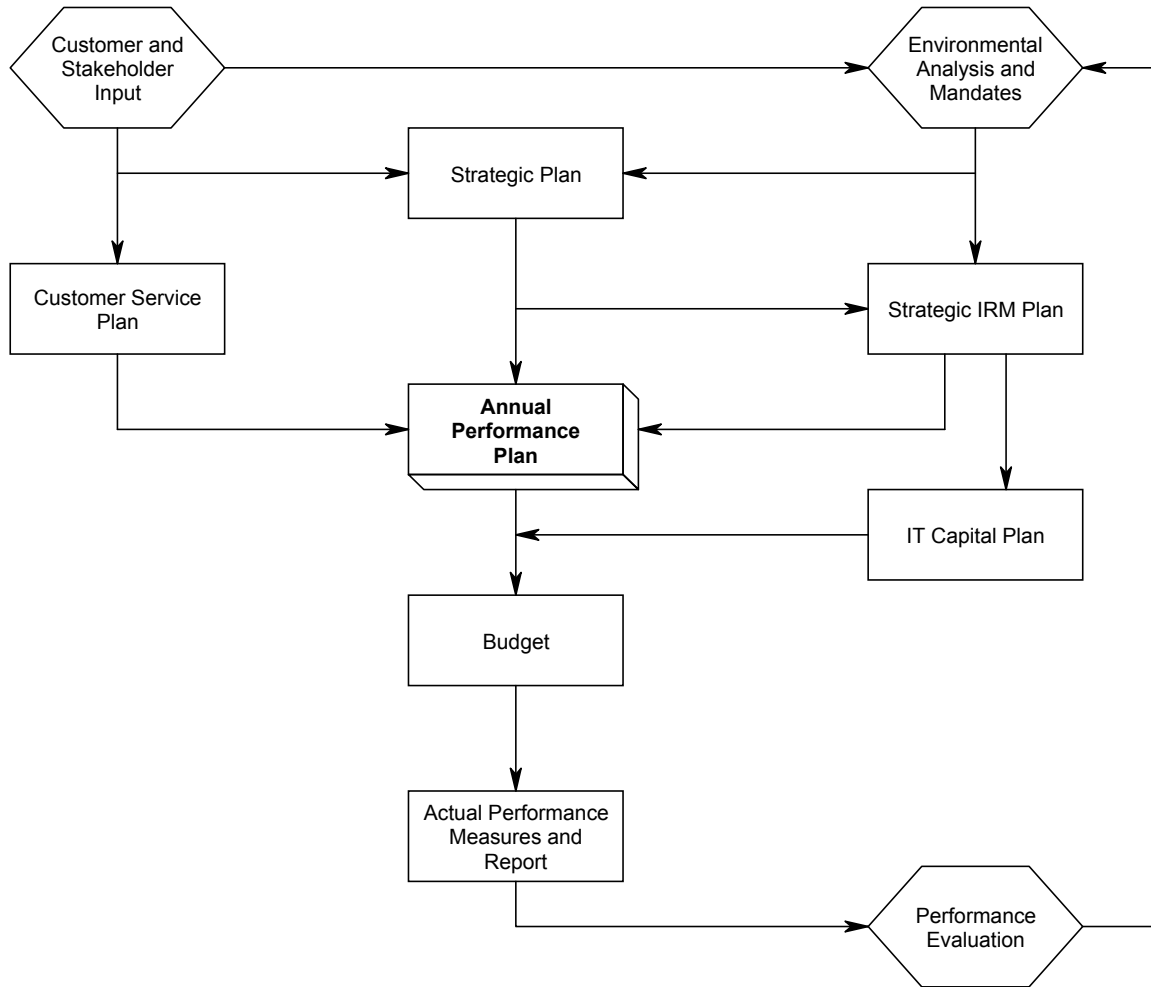
In fiscal year 2002, we met or exceeded planned performance levels for 48 (77%) out of 62 reportable indicators. Exhibit 1 includes a consolidated presentation of our actual performance in fiscal years 1999-2002 and estimated performance in fiscal years 2003 and 2004. Exhibit 2 provides a discussion of the unmet fiscal year 2002 performance goals and indicators.



^{1/} The survey was performed by San Francisco State University between January and April 2002.

^{2/} Copy available upon request by calling (312)-751-4616.

Figure 2
RRB Planning Process



Strategic Goal I: Provide Excellent Customer Service. We aim to satisfy our customers' expectations for quality service both in terms of service delivery options and levels and manner of performance. We have established six performance goals that focus on the specifics of achieving this strategic goal.

Performance Goal I-A: Pay benefits accurately. The RRB is committed to ensuring that we pay the correct benefit amounts to the right people. We have a number of measures in place to track the accuracy of the actions we take in a year, both in the Railroad Retirement Act (RRA) and in the Railroad Unemployment Insurance Act (RUIA) programs. The principal indicators of performance are the benefit payment and case accuracy rates in each program. Our performance goal is to ensure that we can continue to meet or exceed 99 percent payment accuracy in the payments we initiate or manually adjust in a given year. We have also established case accuracy goals (the number of cases paid without material error/the number of cases paid) which will gauge our success in reducing erroneous payments. To accomplish this, we will:

- *Monitor payment and case accuracy and identify problems.*
- *Provide feedback and take additional preventive actions as appropriate.*
- *Review benefit payment programs in accordance with the Improper Payments Information Act of 2002 and initiate action required under that Act.*

Performance Goal I-B: Pay benefits timely. Timeliness of our payments is an essential ingredient in providing quality service. Those who are sick, disabled, or unemployed did not plan for a decrease in their income, and they need their benefit payments right away. Those who retire voluntarily also need the income quickly, and they need the assurance of knowing their final payment rates so that they can adequately plan for the future. Furthermore, the agency needs to provide benefits at the point our customers expect them. We measure the success of our efforts in this area by looking at our performance vis-à-vis our Customer Service Plan and at average processing times.

This performance goal sets yearly targets for the percentage of customers that will receive service in the time frames specified in the Customer Service Plan. These targets are revised annually based on such variables as projected workloads, process capabilities and available resources. Another aspect of this performance goal is to maintain acceptable workload balances and prevent backlogs from developing in key workload areas. To accomplish this performance goal, we plan to:

- *Ensure that the Customer Service Plan is comprehensive and is revised when appropriate.*
- *Identify performance gaps and implement changes in the processes where needed.*
- *Monitor key payment workloads.*
- *Evaluate our regulations, policies and procedures to determine if there are opportunities to reduce lead times and streamline processes.*

Performance Goal I-C: Provide relevant, timely, and accurate information which is easy to understand. In addition to making payments, we provide a variety of information to our customers. We provide general information through our web site, publications, and our toll-free, automated Help Line. In addition, we provide information to individuals through annual statements of service months and compensation, annuity estimates, notices of annuity and benefit awards and changes, annual income tax statements and answers to questions regarding benefits. It is important that we provide this information in ways that are accessible and responsive to the individual's needs. Our performance in this area is measured by how well we succeed in achieving acceptable workload balances and the levels of service

designated in our Customer Service Plan, and from customer feedback and/or internal studies. To accomplish this, we will:

- *Seek feedback from our customers to determine their expectations and whether those expectations are being met.*
- *Adjust our Customer Service Plan or our processes, based on customer feedback.*
- *Monitor key informational workloads.*

Performance Goal I-D: Provide a range of choices in service delivery methods. In order to fulfill customers' needs, we need to provide high quality, accurate products on a timely basis, as well as provide them in ways that are accessible and convenient to all our customers, including the elderly and those with impairments. We strive to deliver service when, where and how our customers want it. Our customers have indicated they want us to continue to provide personal service. We need to balance this desire with the resources that are available to us, taking advantage of technological developments that will enable us to both satisfy our customers and live within our budget. Our level of performance will be measured by how well we succeed in providing the level of service our customers expect, and by the number of choices we can provide in each program at a reasonable cost. We will use the American Customer Satisfaction Index to help us measure our performance. The RRB is also participating in the FirstGov for Seniors Website. This web site provides a portal for senior citizens to access government services. To achieve this objective we plan to:

- *Seek customers' service delivery preferences.*
- *Identify "best-in-class" service options.*
- *Offer service options considering customer preferences and available resources.*

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

- *Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act.*
- *Assess controls for ensuring that employers are submitting complete and accurate information.*

Performance Goal I-F: Deliver service at the point-of-contact ("one and done"). We strive to deliver service at the point-of-contact. Our objective is "one and done"-- meaning that our customers can complete their business with us in a single contact. Our success in this goal will be measured by a noticeable reduction in "hand-offs" (passing work from one employee to another) and layers of review involved in processing service transactions, and by an analysis of our reversal rates (the incidences in

which our initial determination on a case is changed). In addition, we will gauge our success by the feedback from our customers. In order to achieve this goal, we will:

- *Make information available for point-of-contact service.*
- *Design systems to facilitate customer focus and ease of use.*
- *Monitor and evaluate the incidences where initial payment or denial decisions are reversed.*

Strategic Goal II: Safeguard Our Customers' Trust Funds Through Prudent Stewardship. The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. We have established seven objectives that direct our focus on this strategic goal.

Performance Goal II-A: Ensure the integrity of benefit programs through comprehensive and integrated monitoring and prevention programs. As part of our fiduciary responsibilities to the rail community, we must ensure that the correct amount of benefits is being paid to the right people. Accordingly, we conduct benefit monitoring programs to identify and prevent erroneous payments. This includes matching our benefit payments against information maintained by the Social Security Administration, the Centers for Medicare and Medicaid Services, the Office of Personnel Management, and all 50 State governments (plus the District of Columbia and Puerto Rico). We also refer some cases to the Office of Inspector General for investigation. After investigation, the Inspector General may pursue more aggressive collection methods, which include civil and criminal prosecution. We measure the effectiveness of the matching programs each year by comparing the dollars collected or saved through these initiatives to their cost. For example, in fiscal year 2002, the RRB invested about 28 full-time equivalent employees at a cost of \$1,858,066, in program integrity efforts. This resulted in \$9,700,276 in recoveries, \$482,590 in benefits denied and the referral of 135 cases to the Office of Inspector General for investigation. This is approximately \$5.48 in savings for each dollar invested in these activities. To accomplish this objective we will:

- *Maintain established matching programs.*
- *Initiate opportunities for additional matching programs where cost effective.*
- *Continue our program integrity reviews.*
- *Eliminate the continuing disability review (CDR) backlog by December 31, 2003, and achieve a normal working balance of 1,250.*

Performance Goal II-B: Ensure efficient operations through effective management control and quality assurance programs. Efficient management requires the ability to detect and correct material weaknesses in operations. It also requires implementation of cost-effective audit and quality assurance recommendations. One measure of our success in this objective is the number of material weaknesses reported to the President in our annual Federal Managers' Financial Integrity Act Agency Report. Since this legislation passed in fiscal year 1982, the agency has corrected all identified material weaknesses with the exception of a material weakness regarding information security training and access controls that was confirmed in April 2002. Significant efforts are underway to correct this material weakness. We monitor our performance through a combination of audits and internal reviews. To accomplish this objective we will:

- *Continue our overall commitment to our management control program.*
- *Maintain an active quality assurance program.*
- *Develop and establish a Customer Quality Assurance Plan.*

Performance Goal II-C: Ensure that trust fund assets are projected, collected and recorded through an effective and efficient trust fund management program. The RRB is committed to prudent management of its trust funds. Our success in this objective is reflected through actuarial valuations, financial projections, annual audited financial statements, and reconciliations. To accomplish this commitment, we will:

- *Carry out the RRB's debt collection policy.*
- *Perform the RRB's actuarial valuations and financial projections.*
- *Prepare estimates of the RRB's funding requirements for the Dual Benefits Payments Account.*
- *Reconcile railroad employment compensation reporting.*
- *Perform monthly reasonableness tests comparing railroad retirement taxes deposited electronically against tax receipts transferred to the RRB trust funds by the Department of the Treasury.*

Performance Goal II-D: Align our resources using a performance approach based on contribution to mission. As the RRB decreases its staffing level, we need a performance approach to staffing and allocating resources based upon contribution to mission. This will enable us to ensure that the activities with the highest priority get the needed resources. Under such an approach, our staffing will be aligned in a manner which best contributes to our mission. Our success will be measured by how well we meet customer service and accuracy standards (under Strategic Goal I), by the unit costs of production for key workloads, and by comparing our administrative costs to benefit outlays. To accomplish this, we will:

- *Continue to implement a performance-based approach to resource allocation and management utilizing tools such as Activity-Based Cost/Management, Return on Investment, or Benefit-Cost Analysis.*
- *Evaluate and prioritize projects based on contribution to mission and return on investment.*
- *Monitor and evaluate the ratio of our administrative costs to benefit outlays.*
- *Evaluate the agency's organizational structure to identify excess managerial/supervisory layering and propose structural changes to streamline the organization.*

Performance Goal II-E: Use outside sources and partnerships, when appropriate, to accomplish our mission. Another objective with respect to this strategic goal is to use outside sources and partnerships with other agencies and organizations, when appropriate (i.e., when significant savings can be expected and quality of services will not suffer). We will determine how well we use outside resources and partnerships through the actual number of each that we utilize, the cost and/or time savings we realize, improved effectiveness, and increased satisfaction with our program. To accomplish this, we will:

- *Make use of advisory and assistance services when appropriate.*
- *Keep abreast of current trends and opportunities.*
- *Work with other agencies and organizations to meet mutual goals.*
- *Assemble and publicize an annual inventory of RRB commercial activities on the RRB web site (to be performed annually).*
- *Complete public-private or direct conversion competitions as called for by the Office of Management and Budget.*

Performance Goal II-F: Ensure that the RRB consistently pays the lowest price for products and services commensurate with quality, service, delivery and reliability. This objective, based upon Federal Acquisition Regulations which apply to all Federal agencies, would create a first-class acquisition system. The measures of our performance in achieving this objective are detailed in the

agency plan developed under these regulations. Briefly, they are: contract award dates shall, at a minimum, meet agency-mandated delivery schedules; solicitations shall include past performance of the contractor as an evaluation factor; contractor performance evaluations shall be conducted in accordance with the applicable Federal Acquisition Regulations; the dollars obligated using simplified acquisition procedures shall exceed the Federal government percentage of dollars competitively awarded; and, each purchase order and each contract file shall exhibit a positive vendor responsibility determination. To achieve this objective, the RRB will continue to do the following:

- *Pay the lowest price for products/services commensurate with quality, service, delivery, and reliability.*
- *Closely manage solicitations and the resulting contracts.*
- *Award contracts over \$25,000 using performance-based service contracting (PBSC) techniques for not less than 20% of the total eligible service contracting dollars.*
- *Post (a) all synopses for acquisitions valued at over \$25,000 for which widespread notice is required and (b) all associated solicitations, unless covered by an exemption in the Federal Acquisition Regulation, on the government-wide point-of-entry website (www.FedBizOpps.gov).*

Performance Goal II-G: Use, build and maintain a professional, productive, innovative and diverse workforce. Professionalism and productivity will be encouraged by our efforts to ensure that all employees and organizational units can link their daily activities with the agency's mission and operate in an environment that allows them to work effectively and efficiently. With a diverse workforce and an increasing need for specialized skills and talents, the challenges our employees face each day are significant. In order to meet these challenges, our employees need the training and development to be able to work together in a supportive, discrimination-free environment that encourages innovation to achieve our goals. The RRB also recognizes the needs our employees have for flexibility in their workplace and in their schedules. Programs such as family-friendly leave, compressed work schedules, work at home and other accommodations allow employees to balance their family and work needs.

In order to evaluate our progress in this area, we will continue to work with the employees' representatives to develop meaningful feedback mechanisms and measures that will enable us to determine the level of awareness of individual identification with the agency's mission. We will review individual employee performance appraisal plans to ensure this linkage and hold managers accountable for achieving specific results. We will also monitor and analyze sustained discrimination complaints to determine trends. We will seek additional measures that will provide valid feedback and enable us to assess our performance in this area. In addition, we will evaluate our performance on the levels of service specified in the Customer Service Plan, and monitor our quality measures.

The agency will take steps to deal with strategic human capital issues such as recruitment and retention. This includes succession planning, as a significant percentage of the agency's workforce is eligible to retire in the coming years. Reviews will identify critical positions and needed skills to maintain an effective workforce and management structure. In order to accomplish this performance goal, we will:

- *Communicate the mission and Strategic Plan to all employees.*
- *Have each organizational unit identify and communicate its specific contributions to the agency's overall mission.*
- *Link individual performance appraisal plans with achievement of agency goals and objectives.*
- *Maintain a diverse workforce.*

Strategic Goal III: Use Technology and Automation to Foster Fundamental Changes That Improve the Way We Do Business. The RRB understands the value and importance of making fundamental changes in the way we operate, due to continued demands to reduce staffing levels and operating budgets, along with increasing public expectations for new types of service and new legislative requirements. We have established three performance goals that focus on how we intend to use the agency’s information technology resources to make fundamental improvements in the way we achieve our mission. In addition, we have established a more central focus for our information security program, which is described below.

Performance Goal III-A: Develop a sound and integrated information technology architecture that will foster our long-term efforts to improve mission performance while operating with fewer resources. With the completion of several critically needed improvements in the RRB’s technical infrastructure in recent years, including Year

2000 modifications, network communications upgrades, and the introduction of Internet capability, we are now positioned to develop a more long-term, comprehensive approach to information technology planning. In order to achieve significant, breakthrough improvements in the performance of our mission in the future, we are examining the basic structure underlying our current business and technical operations, and developing an information technology architecture.

Fiscal Year 2004 Information Technology Investments at the \$102.5 Million Agency Request Level	
Mainframe (lease option).....	\$175,000
Disk storage	161,000
Document imaging	75,000
System development tools	25,000
Network operations and task orders	250,000
Standard workstation infrastructure	300,000
Information security	150,000
Enterprise architecture services	50,000
IT task orders	250,000
Subtotal at the \$99.82 million budget level.....	\$1,436,000
Mainframe (additional cost to purchase).....	\$200,000
Standard workstation infrastructure	25,000
E-government task orders	300,000
IT task orders	150,000
Total Fiscal Year 2004 IT Investments	\$2,111,000
See RRB’s IT Capital Plan for more information.	

The architecture is essentially a design, or blueprint, that encompasses clear standards for our data, application systems, communications, and information security. Its purpose is to help ensure the feasibility and appropriateness of future information technology investments, and to facilitate rapid changes in the agency’s operations. With an architectural blueprint in hand, the RRB will be better able to adapt efficiently and effectively to new business needs as they arise. These may include needs such as legislative changes, new customer expectations, additional administrative requirements, or reductions in budgetary resources. The value of information technology architecture planning as an ongoing function is that it provides sound analytical data, standards, and principles on which to base changes in systems or technology. As a result, it should ensure that investments made to achieve these changes are consistent with the agency’s target configuration, are technically feasible, and above all, produce the desired results within an appropriate time frame and cost. To accomplish this objective, the RRB established a formal information architecture planning function, managed by a new architecture group, in December 2001. We also selected a specific framework for the information technology architecture in March 2001. This framework is based on the Federal Enterprise Architecture Framework, which is recommended by the Federal Chief Information Officer (CIO) Council. And, we established processes in March 2002, to use the information technology architecture as a standard for evaluating and prioritizing all major automation initiatives and investments.

This performance goal was fully implemented in fiscal year 2002, with the completion of the following actions:

- *Established processes to support and enforce the new information technology architecture to ensure that it is uniformly followed throughout the agency.*
- *Ensured that the information technology architecture is closely linked to our long-range Strategic Information Resources Management (IRM) Plan, Information Technology (IT) Capital Plan, and budget submissions.*

Performance Goal III-B: Design and implement information technology initiatives that fundamentally improve our efficiency and effectiveness in achieving the agency's mission. We

recognize the importance of focusing on those new technologies and initiatives that will promote the RRB's most critical business needs. The RRB's Strategic Information Resources Management Plan provides a long-term overview of the target

direction for automation and technology, and includes information technology initiatives to be undertaken during the next few years. We will target most of our limited resources on projects designed to create the greatest savings and efficiencies. At the same time, we will strive to achieve an appropriate balance between short-term and long-term improvements. Success will be measured by the extent to which each initiative achieves the desired end result -- e.g.,

reduces ongoing processing costs, improves service to the customer, improves the accuracy of the benefit payments, etc. We will document our expectations before each initiative is undertaken and will use them as a measuring stick at the end of each project to determine the actual level of change in our performance.

We will use information technology investments to help ensure the success of E-Government and for transforming the delivery of information and services. Our citizen-centered approach will use the Internet to bring about transformational change -- allowing us to conduct transactions with the public through secure web-enabled systems. Please refer to Exhibit 1 for a description of the information technology initiatives we plan to undertake subject to the approval of the Information Technology Steering Committee.

Fiscal Year 2004 E-Government Initiatives

- ✓ Application for employee/spouse annuity on-line
- ✓ Application for survivor benefits on-line
- ✓ Trace status of claim on-line
- ✓ Employer Internet initiative

Performance Goal III-C: Ensure effective and efficient management of information technology resources. This objective relates to all types of information technology resources, from personnel to hardware and software. It is crucial to manage all of these resources carefully, in order to ensure that they are used for the highest business priorities of the agency, and are not wasted through inefficient or ineffective processes. To measure our performance in this area, we will rely on the information in the Strategic Information Resources Management Plan, the establishment of schedules and goals for major projects and initiatives, and the operation of user service agreements and/or customer service standards for information services. This objective closely supports the RRB's second strategic goal of prudent stewardship of the trust funds because information technology investments represent a significant portion of the agency's administrative budget. We plan to take the following actions to achieve this objective:

- *Ensure focus, direction, and consistency on all major automation activities.*
- *Perform benefit-cost analyses for major information technology projects.*
- *Strive to reduce information technology project cycle times and costs.*
- *Take steps to ensure that an effective agency-wide security program that complies with the Government Information Security Reform Act is in place*

Information Security Program

The RRB is currently taking several actions to strengthen its information security program as a whole. In fiscal year 2002, we created a more concentrated focus for information security by establishing a centralized Risk Management Group, headed by our Chief Security Officer. The Risk Management Group is responsible for the RRB's information security program. The group consists of a Chief Security Officer and two Computer Security Specialists with contractor support in specialized areas, as needed.

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

- **Strategic Risk Management:** The Chief Security Officer, who acts in the larger capacity of director of enterprise risk management, is responsible for strategic elements that include:
 - o Planning and integrating enterprise-wide IT risk management policy definition, role analysis, processes and procedures.
 - o Assisting business units in establishing business process continuance plans for maximizing system availability, ensuring timely, effective response to system failures, and for monitoring and testing of contingency planning processes/procedures.
 - o Coordinating agency-wide security policy as well as assessing and underwriting agency-wide security infrastructure and resource investments, and implementing effective enforcement solutions.
- **Operational Risk Management:** Various IT and business unit managers are responsible for day-to-day monitoring and management of the risk posture of the agency including the administration of access rights (e.g., passwords), ultimate accountability for the integrity of information assets usually associated with application design and information ownership, and security operations processes (research, monitoring, scanning, incident response management, reporting, and forensics).

RRB Administrative Circular IRM-8, The Information Security Program of the Railroad Retirement Board, identifies the responsibilities for security throughout the organization. During fiscal year 2004, the Risk Management Group will be involved in the following activities:

- responding to Corrective Action Plan (CAP) items identified during the fiscal year 2003 Government Information Security Reform Act (GISRA) annual review,
- expanding the use of intrusion detection tools,
- conducting the fiscal year 2004 annual security review,
- ensuring that RRB security policies and procedures are up-to-date and effective,
- utilizing security software to monitor for network vulnerabilities and suspicious activity, and
- handling other security-related responsibilities of the group.

The annual budget for the group during fiscal year 2004 will be approximately \$475,000, including salaries, benefits, training, and contractor assistance to perform the fiscal year 2004 annual security review and to provide expertise and guidance on the latest threats and vulnerabilities.

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	1999 Actual (At \$90 m.)	2000 Actual (At \$90.7m.)	2001 Actual (At \$94.9 m.)	2002 Estimated (At \$97.7 m.)	2002 Actual (At \$97.6 m.)	2003 Projected (At \$97.72 m)	2004 Request Level (At \$102.5 m.)	2004 President's Budget Level (At \$99.82m.) 1/	
Strategic Goal I: Provide Excellent Customer Service	FTE's: *	*	647	638	662	632	632	602	
	Funds: *	*	\$ 49,434,000	\$ 52,581,000	\$ 53,673,900	\$ 53,274,000	\$ 55,880,000	\$ 55,257,000	
Performance Goal I-A: Pay benefits accurately.									
1. Achieve a railroad retirement benefit payment accuracy rate** of at least 99%. [For FY 1999-2000, excludes the supplemental annuity component of employee annuities.] (Measure: % accuracy rate)	Initial recurring payments:	99.68%	99.87%	99.89%	99.80%	99.97% 2/	99.50%	99.80%	99.00%
	Sample post recurring payments:	99.91%	99.95%	99.98%	99.91%	99.99% 2/	99.50%	99.90%	99.00%
2. Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate** of at least 99%. (Measure: % accuracy rate)	Unemployment:	100.0%	99.08%	99.34%	99.50%	99.12%	98.00%	99.60%	97.50%
	Sickness:	99.92%	100.0%	99.76%	99.70%	99.94%	98.00%	99.80%	97.50%
3. Conduct a study to determine the causes of erroneous RRA payments. Based on the results of this study, develop an action plan to eliminate or minimize these causes by improving work processes and procedures, revising systems and providing refresher training. Part of the focus of this plan will be to reduce the number of overpayments caused by agency error. (Measure: Complete study and action plan, implement recommendations)	New indicator	New indicator	New indicator	Deferred	Deferred	Deferred	Review benefit payment programs in accordance with the Improper Payments Information Act of 2002 and initiate action required under that Act	Review benefit payment programs in accordance with the Improper Payments Information Act of 2002 and initiate action required under that Act.	
4. Achieve a railroad retirement case accuracy rate** of at least 94%. (Measure: % of case accuracy)	Initial cases:	New indicator	New indicator	New indicator	New indicator	94.9%	90.0%	94.0%	90.0%
	Post cases:	New indicator	New indicator	New indicator	New indicator	98.3%	90.0%	97.0%	93.0%
5. Achieve a railroad unemployment/sickness insurance case accuracy rate** of at least 97%. (Measure: % of case accuracy)	Unemployment:	New indicator	New indicator	New indicator	New indicator	98.1%	90.0%	97.0%	93.0%
	Sickness:	New indicator	New indicator	New indicator	New indicator	99.5%	90.0%	98.0%	94.0%
Performance Goal I-B: Pay benefits timely.									
1. Railroad retirement employee or spouse receives initial annuity payment, or a decision, within 35 days of annuity beginning date, if advanced filed. (Measure: % ≤ 30 processing days****)	94.6%	95.8%	95.6%	94.3%	94.7%	92.5%***	93.0%	91.0%	
1/ At the President's budget level, includes \$2.1 million to implement the disbursing agent provision of the Railroad Retirement and Survivors' Improvement Act of 2001. This is not included at the agency request level.									
2/ These are preliminary accuracy rates. We will revise rates when 9 pending cases are completed.									

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	1999 Actual (At \$90 m.)	2000 Actual (At \$90.7m.)	2001 Actual (At \$94.9 m.)	2002 Estimated (At \$97.7 m.)	2002 Actual (At \$97.6 m.)	2003 Projected (At \$97.72 m)	2004 Request Level (At \$102.5 m.)	2004 President's Budget Level (At \$99.82m.) 1/
2. Railroad retirement employee or spouse receives initial annuity payment, or notice of denial, within 65 days of the date the application was filed, if not advanced filed. (Measure: % ≤ 60 processing days****)	93.1%	94.7%	95.2%	94.7%	96.0%	93.0%	95.0%	92.0%
3. Survivor annuitant not already receiving a benefit receives initial payment, a decision, or notice of transfer to SSA within 65 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 60 processing days****)	77.3%	78.3%	80.9%	79%	81.4%	75.0%	80.0%	75.0%
4. Survivor annuitant receiving benefits as spouse receives payment as survivor, notice of denial, or notice of application transfer to SSA, within 35 days of RRB receipt of the notice of employee's death. (Measure: % ≤ 30 processing days****)	90.7%	93.8%	91.1%	91.5%	91.3%	89.0%***	90.0%	88.0%
5. Applicant for any railroad retirement death benefit receives payment, or notice of denial, within 65 days of date filed. (Measure: % ≤ 60 processing days****)	93.8%	93.7%	93.7%	93.7%	96.0%	90.0%	94.5%	88.0%
6. Unemployed railroad worker receives UI claim form, or notice of denial, within 15 days of the date application filed. (Measure: % ≤ 10 processing days****)	99.00%	98.80%	99.70%	98.50%	98.70%	95.0%***	98.0%	95.0%
7. Railroad employee unable to work due to temporary illness or injury receives SI claim form, or notice of denial, within 15 days of the date application filed. (Measure: % ≤ 10 processing days****)	99.00%	99.30%	99.50%	99.00%	99.30%	95.0%***	97.0%	95.00%
8. Railroad employee, unemployed or unable to work due to temporary illness or injury, receives a payment for unemployment or sickness insurance benefits, or a decision, within 15 days of claim receipt. (Measure: % ≤ 10 processing days****)	99.50%	99.70%	99.70%	99.50%	99.70%	95.0%***	98.0%	95.0%
9. Disabled applicant or family member receives notice of decision to pay or deny within 105 days of the date application for disability is filed. (Measure: % ≤ 100 processing days****)	50.6%	63.6%	56.5%	67%	53.7%	55.0%***	65.0%	55.0%
10. Disabled applicant receives payment within 25 days of decision or earliest payment date (whichever is later). (Measure: % ≤ 20 processing days****)	90.0%	94.1%	94.1%	93.0%	94.2%	90.0%	93.5%	90.0%
11. Maintain an end-of-year normal carry-forward balance in 8 targeted workload categories. (Measure: number on hand at end of year)	3,636	3,966	4,915	7,500	5,147	11,000	7,500	11,000

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12. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. [We will reduce the average elapsed days to 150 by the end of fiscal year 2003.] (Measure: average elapsed days)	203	171	189	200	200	180	150	195
13. Implement the following provisions of the Railroad Retirement and Survivors' Improvement Act in fiscal year 2002, as scheduled: - Restore full early retirement eligibility at age 60 for railroad employees with 30 or more years of service - Eliminate the maximum provision that had previously capped some employee and spouse railroad retirement benefits - Reduce the basic eligibility requirement for an employee annuity from 10 to 5 years of service if performed after 1995 - Provide increased benefits for certain widow(er)s (Measure: complete as scheduled)	New indicator	New indicator	New indicator	Complete in FY 2002, as scheduled.	Implementation completed as scheduled.	FY 2002 goal	FY 2002 goal	FY 2002 goal
Performance Goal I-C: Provide relevant, timely, and accurate information which is easy to understand.								
1. Inquirer receives answer or acknowledgment of written correspondence within 15 days of receipt. (Measure: % ≤ 10 processing days****)	99.00%	97.6%	99.00%	90.00%	98.9%	96.0%***	98.00%	95.00%
2. Achieve quality and accuracy of correspondence, publications, and voice communications. (Measure: surveys and reviews; include questions on the quality and accuracy of written and voice communications)	Developed a plan	A special study of initial award letters is underway.	Completed study of initial award letters	By 04/01/02, prepare a draft report providing the RRB's information quality guidelines and explaining how such guidelines will ensure and maximize the quality, utility and integrity of information disseminated by the RRB.	Draft report completed in FY 2002, as scheduled.	Deferred***	The FY 2003 report on information complaints will be submitted to OMB by 01/01/04. Determine what actions can be taken to make improvements in our communications, as needed.	The FY 2003 report on information complaints will be submitted to OMB by 01/01/04. Deferred

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3. Maintain the combined balance of unprocessed record corrections and cases requiring review for corrected tax statements below the end-of-year normal working level (1,200 items). (Measure: number on hand at end of year)	170	145	517	500	432	1,200	500	1,200
Performance Goal I-D: Provide a range of choices in service delivery methods.								
1. Offer service for the retirement program by telephone, interactive voice response (IVR), mail, personal computer and in person via field offices and itinerant service. (Measure: # of choices)	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices
2. Offer service for the unemployment/sickness program by telephone, IVR, mail, personal computer and in person via field offices and itinerant service. (Measure: # of choices)	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices
3. Obtain customer feedback. (Measure: surveys & reviews)	Survey deferred due to lack of funding.	Developed a proposal to conduct a customer satisfaction survey.	Administered a customer satisfaction survey.	Administer a customer satisfaction survey to a second group of beneficiaries.	Survey conducted in October 2002.	Deferred***	Administer a customer satisfaction survey.	Deferred
Performance Goal I-E: Ensure an efficient and effective reporting system for covered employers.								
1. Covered employer reports filed on time, without problems. (Measure: % of reports filed on time, without problems)	52% (Based on report problems)	38.6% (Based on report problems)	38.3%	See new indicators below	See new indicators below	See new indicators below	See new indicators below	See new indicators below
Covered employer reports filed on time. (Measure: % of reports filed on time)	New indicator	New indicator	New indicator (Actual 47%)	75.0%	43.5%	50.0%	45.0%	40.0%
							Goals for 2002 and 2003 were set before we had any baseline data for this new goal. Actual 2001 performance was 47%, and represents a more realistic expectation.	
2. Covered employer reports filed accurately. (Measure: % of reports filed without problems)	New indicator	New indicator	New indicator	96.0%	91.1%	85.0%	90.0%	85.0%
3. Covered employer annual reports of employees filed electronically, or on magnetic media. (Measure: % filed electronically, or on magnetic media)	96.0% (of employees)	97.7% (of employees)	97.45% (of employees)	97.0% (of employees)	98.2% (of employees)	96.0% (of employees)	97.0% (of employees)	96.0% (of employees)

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	1999 Actual (At \$90 m.)	2000 Actual (At \$90.7m.)	2001 Actual (At \$94.9 m.)	2002 Estimated (At \$97.7 m.)	2002 Actual (At \$97.6 m.)	2003 Projected (At \$97.72 m)	2004 Request Level (At \$102.5 m.)	2004 President's Budget Level (At \$99.82m.) 1/
4. Enable employers to use the Internet to conduct business with the RRB, in support of the Government Paperwork Elimination Act. (Measure: % of employers with Internet access who use the new on-line reporting processing. An additional measure for fiscal year 2004 will be the number of Internet services available.)	New indicator	New indicator	New indicator	New indicator	New indicator	We will conduct a survey of employers to determine the number that have Internet access.***	50% using Internet 5 Internet services available	40% using Internet 3 Internet services available
5. Assess controls for ensuring that employers are submitting complete and accurate information. (Measure: Yes/No)	New indicator	New indicator	New indicator	New indicator	New indicator	Deferred	If not done in FY 2003, do in FY 2004	Deferred
Performance Goal I-F: Deliver service at the point-of-contact (“one and done”).								
1. Complete actual measurement of services provided at the point of contact. Develop action plans as needed to reduce the number of handoffs. (Measure: Date report completed)	Not applicable	Completed study of the field service	Developed an action plan based on the FY 2000 study.	Review of another service area deferred until FY 2003	Deferred	Deferred	Monitor list of potential improvement areas; issue progress report.	Deferred
Strategic Goal II: Safeguard Our Customers' Trust Funds Through Prudent Stewardship	FTE's: *	*	214	238	207	207	207	197
	\$ *	\$ *	\$ 18,358,000	\$ 20,671,000	\$ 18,931,500	\$ 18,398,000	\$ 19,298,000	\$ 18,358,000
Performance Goal II-A: Ensure the integrity of benefit programs through comprehensive and integrated monitoring and prevention programs.								
1. Maintain active wage matches with all 50 States to ensure the accuracy of benefit payments. (Measure: # of States matching)	50 States, plus Puerto Rico & Washington, DC	50 States, plus Puerto Rico & Washington, DC	50 States, plus Puerto Rico & Washington, DC	50 States, plus Puerto Rico & Washington, DC	50 States, plus Puerto Rico & Washington, DC	50 States, plus Puerto Rico & Washington, DC	50 States, plus Puerto Rico & Washington, DC	50 States, plus Puerto Rico & Washington, DC
2. Achieve a return of at least \$3.60 for each dollar spent on program integrity activities. (Measure: \$ recoveries & savings per \$ spent)	\$4.69 : \$1	\$4.16 : \$1	\$5.47 : \$1	\$3.80 : \$1	\$5.48 : \$1	\$3.80 : \$1	\$3.80 : \$1	\$3.80 : \$1
3. Perform continuing disability reviews (medical only in 1998-2001, medical and earnings beginning 2002). [We established a normal working balance in fiscal year 2001, and developed a plan to achieve this level on an on-going basis.] (Measure: # performed)	2,944	4,148	988	3,000	1,863	2,000	2,500	2,000

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Performance Goal II-B: Ensure efficient operations through effective management control and quality assurance programs.								
1. Take prompt action to correct any material weaknesses. (Measure: # of material weaknesses open at beginning of fiscal year.)	1 open	0 open	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below
Take prompt action to correct any material weaknesses. (Measure: % of action plan milestones accomplished)	New indicator	New indicator	100%	100%	100%	100%	100%	100%
2. Submit to the President and Congress the Federal Managers' Financial Integrity Act Report by December 31 st each year. (Measure: date report submitted)	12/28/98	12/27/99	12/18/00	12/28/01	12/21/01	12/20/02 (Actual)	12/26/03	12/26/03
3. Resolve audit findings promptly. (Measure: # of audit recommendations to put funds to better use that are not resolved within 6 months of report)	0 recommendations	0 recommendations	0 recommendations	0 recommendations	0 recommendations	0 recommendations	0 recommendations	0 recommendations
4. Take prompt corrective action on audit recommendations. (Measure: % of audit recommendations implemented by target date)	63.83%	87.8%	91.7%	80%	94.4%	80%	90%	80%
5. Develop and establish a Customer Quality Assurance Plan that promises excellent service to our customers and gives agency employees the opportunity to show their commitment to our customers. (Measure: Establish plan)	New indicator	New indicator	New indicator	Establish plan by 09/30/02	Plan established.	Deferred	If work started in FY 2003, meet milestone dates. Otherwise, begin to implement plan.	Deferred
Performance Goal II-C: Ensure that trust fund assets are projected, collected, and recorded through an effective and efficient trust fund management program.								
1. Railroad Retirement Account's market rate of return will exceed the Bloomberg index of Treasury notes and bonds with more than 1 year of maturity. (Measure: Yes/No)	Yes	Yes	Exceeded Bloomberg index	Discontinued	Discontinued	Discontinued	Discontinued	Discontinued
Implement the provisions of the Railroad Retirement and Survivors' Improvement Act of 2001 requiring the transfer of railroad retirement trust funds from the railroad retirement accounts to the new National Railroad Retirement Investment Trust. (Measure: funds transferred within 30 days of request)	New indicator	New indicator	New indicator	Transfer funds within 30 days of request by the National RR Investment Trust.	All funds (\$1.502 billion) were transferred within 30 days of request.	Transfer funds within 30 days of request by the National RR Investment Trust.	Transfer funds within 30 days of request by the National RR Investment Trust.	Transfer funds within 30 days of request by the National RR Investment Trust.
2. Review monthly financial information submitted by the National Railroad Retirement Investment Trust. (Measure: Yes/No)	New indicator	New indicator	New indicator	New indicator	New indicator	New indicator	Yes	Yes
3. Review annual management/financial statement reports submitted by the National Railroad Retirement Investment Trust. (Measure: Yes/No)	New indicator	New indicator	New indicator	New indicator	New indicator	New indicator	Yes	Yes

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4. Debts will be collected through referrals to outside collection programs, including the Treasury Offset Program, Treasury cross-servicing, Federal Tax Offset Program, and private collection agencies. (Measure: funds collected)	\$1,747,354	\$1,335,169	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below
Debts will be collected through a variety of other collection efforts. (Measure: funds collected (excludes above collections))	New indicator	\$61,880,957	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below
Debts will be collected through billing, offset, reclamation, referral to outside collection programs and a variety of other collection efforts. (Measure: % of funds collected to total debts outstanding -- beginning balance plus new debts established. Excludes write-offs.)	New indicator	New indicator	53%	49%	64%	45%	49%	45%
5. Complete compensation reconciliations at least 1 year before the statute of limitations expires. (Compensation reconciliations involve a comparison of compensation reported by covered employers to the RRB for benefit calculation purposes with compensation reported to the IRS for tax purposes.) (Measure: % completed)	100% of the 1996 reconciliations by 02/12/1999	100% of the 1997 reconciliations by 02/28/2000	100% of the 1998 reconciliations by 02/26/2001	100% of the 1999 reconciliations by 02/28/02	100% of the 1999 reconciliations by 02/15/02	75% of the 2000 reconciliations by 02/28/2003	100% of the 2001 reconciliations by 02/28/2004	75% of the 2001 reconciliations by 02/28/2004
6. Perform reconciliations between the amount of taxes shown as paid on each railroad CT-1 (Employer's Annual Railroad Retirement Tax Return) filed with the IRS, and the amounts received and deposited in the RRB trust fund accounts. Beginning in fiscal year 2001, the percentage reconciled represents 100 percent less the percentage of the total dollar difference, for all rail employers, between the amounts they reported on Form CT-1 and the amounts shown as deposited in the rail trust funds. Previously, for fiscal year 2000, the percentage reconciled excluded the entire amount reported by an employer on Form CT-1 if the difference between that amount and the bank/Fedwire deposits was more than \$10,000, or 1 percent. (Measure: % of dollars reconciled)	New indicator	82%	99.90%	97.0%	99.88%	See new indicator below	See new indicator below	See new indicator below
Perform monthly reasonableness tests comparing railroad retirement taxes deposited electronically, which represent over 99 percent of all railroad retirement taxes, against tax receipts transferred to the RRB trust funds by the Department of the Treasury (Treasury) to provide reasonable assurance the RRB trust funds are receiving appropriate tax funds. (Measure: Reasonableness test performed and anomalies reconciled with Treasury (Yes/No))	New indicator	New indicator	New indicator	New indicator	New indicator	Yes	Yes	Yes

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	1999 Actual (At \$90 m.)	2000 Actual (At \$90.7m.)	2001 Actual (At \$94.9 m.)	2002 Estimated (At \$97.7 m.)	2002 Actual (At \$97.6 m.)	2003 Projected (At \$97.72 m)	2004 Request Level (At \$102.5 m.)	2004 President's Budget Level (At \$99.82m.) 1/
Performance Goal II-D: Align our resources using a performance approach based on contribution to mission.								
1. Implement a methodology to determine unit costs of key production workloads. [One workload a year for 5 years (such as initial employee retirement application processing and disability application processing).] (Measure: # of key workloads with unit cost information)	1 workload	Deferred	Deferred	1 workload	A methodology for disability processing has been developed.	Deferred	1 workload	Deferred
2. Set specific goals for unit costs of key workloads for years subsequent to implementation of new methodology. [One workload a year for 5 years.] (Measure: # of unit cost goals)	1 workload	Deferred	Deferred	Deferred	Deferred	Deferred	1 workload	Deferred
3. Achieve the target ratio of total administrative expenses to benefit outlays. (Measure: ratio of expenses to outlays)	\$1.02 : \$100	\$1.02 : \$100	\$1 : \$100	Approx. \$1 : \$100	\$1.06 : \$100	Approx. \$1 : \$100	Approx. \$1 : \$100	Approx. \$1 : \$100
4. Conduct an analysis of the agency's organizational structure to identify opportunities to reduce managerial/supervisory positions/layers and strengthen front-line positions. (The agency's supervisor/employee ratio is currently 1:7.7, and its management layers are generally limited to 3 or 4, excluding the three-member Board.) (Measure: Yes/No)	New indicator	New indicator	New indicator	Complete analysis by 03/31/02	Analysis completed on 03/29/02.	Implement Board approved recommendations. Reexamine structure in light of changes made or new opportunities.	By 3/31/04, analyze snapshot of agency structure to assess impact of technological changes and employee movement to increase the ratio of employees to supervisors.	By 3/31/04, analyze snapshot of agency structure to assess impact of technological changes and employee movement to increase the ratio of employees to supervisors.
Performance Goal II-E: Use outside sources and partnerships, when appropriate, to accomplish our mission.								
1. Partner with other government agencies or outside organizations to achieve our mission. (Measure: # of partnerships)	67	67	71	66	72	69	69	69
2. Perform a detailed study of the agency's activities to ensure an accurate inventory of commercial activities. (Measure: Conduct study)	New indicator	New indicator	New indicator	Complete study by 03/31/02	A detailed study of the agency's activities was performed by 3/31/02.	FY 2002 goal	FY 2002 goal	FY 2002 goal

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3. Assemble and publicize an annual inventory of RRB commercial activities on the RRB Website. (Measure: Yes/No)	New indicator	New indicator	New indicator	Yes	The annual inventory has been assembled and approved by the Board. OMB had not yet authorized publication (09/30/02).	Yes	Yes	Yes
4. Complete public-private or direct conversion competitions on not less than 5% of the FTE's listed on the Federal Activities Inventory Reform (FAIR) Act inventory. (Measure: % of the FTE's listed on the FAIR Act inventory for which competitions completed)	New indicator	New indicator	New indicator	5%	5%	15% (cumulative)	Meet target level established by OMB	Meet target level established by OMB
Performance Goal II-F: Ensure that the RRB consistently pays the lowest price for products and services commensurate with quality, service, delivery and reliability.								
1. The percentage of fiscal year dollars competitively obligated via simplified acquisition and contract procedures shall exceed the Government percent of procurement dollars awarded competitively as reported in the Federal Procurement Data System Reporting Manual, Federal Procurement Data Center. (Measure: % of funds awarded)	Govt.: 63%	62.4%	74%	Will exceed Government percentage	Not available until March 2003	Will exceed Government percentage	Will exceed Government percentage	Will exceed Government percentage
	RRB: 87%	92%	93%		90%			
2. 90 percent of purchase orders/contracts meet or exceed the purchase/contract delivery date. (Measure: % meeting or exceeding date)	85.8%	86%	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below	See new indicator below
Purchase orders are filled by or before delivery date. (Measure: % meeting objective)	New indicator	New indicator	85.5%	86%	85%	86%	86%	86%
3. All solicitations include past performance as an evaluation factor. Each contract file will exhibit a formal determination and finding of contractor responsibility. (Measure: % meeting requirement)	100%	100%	100%	100%	100%	100%	100%	100%
4. Award contracts over \$25,000 using performance-based service contracting (PBSC) techniques for not less than 20% of the total eligible service contracting dollars. (Measure: % of contracting dollars for contracts over \$25,000 using PBSC)	New indicator	New indicator	New indicator	20%	35.5%	20%	20%	20%

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5. Post (a) all synopses for acquisitions valued at over \$25,000 for which widespread notice is required and (b) all associated solicitations unless covered by an exemption in the Federal Acquisition Regulation on the government-wide point-of-entry website (www.FedBizOpps.gov). (Measure: Yes/No)	New indicator	New indicator	New indicator	Yes	Yes	Yes	Yes	Yes
Performance Goal II-G: Use, build and maintain a professional, productive, innovative and diverse workforce.								
1. Individual performance appraisal plans for managers and supervisors contain elements that link to the agency's mission. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	See new indicator below	See new indicator below	See new indicator below
Individual performance appraisal plans for all employees contain elements that link to the agency's mission. (Measure: Yes/No)	New indicator	New indicator	New indicator		New indicator	Yes	Yes	Yes
2. Solicit employee feedback on work environment to determine if it is discrimination-free and supports cooperation, empowerment, and mutual commitment. (Measure: employee survey)	Survey completed and final report issued.	None	None	Plan for employee survey to be conducted in FY 2003.	Planning initiated.	Deferred	Implement survey recommendations, if survey funded in FY 2003; otherwise, conduct survey	Deferred

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3. Create and implement a succession planning program. (Measure: Yes/No)	New indicator	New indicator	New indicator	Create a skills assessment file for selected employees in the GS-14 to GS-15 range. Establish and competitively fill two developmental positions.	Created retirement trend analysis and proposed refocusing succession plan to lower-graded employees.	Create a skills assessment file for selected employees at the GS-13 level; update skills files for GS-14 and GS-15 level employees. Training for employees with an identified skills gap will be deferred until FY 2004 (or later), depending on the availability of training funds. Assistance will be given to agency supervisors to create a skills assessment for the GS-13, 14 and 15 employees under their supervision.	Update skills assessments for GS-13's and above. All selected GS-13 to 15 employees for whom significant skills gaps have been identified will receive relevant training. Identify high-potential GS-10, GS-11 and GS-12 employees and begin supervisory discussions of skills assessments.	Update skills assessments for GS-13's and above. Many selected GS-13 to 15 employees for whom significant skills gaps have been identified will receive relevant training.
Strategic Goal III: Use Technology and Automation to Foster Fundamental Changes That Improve the Way We Do Business	FTE's: *	*	240	225	230	230	230	220
	\$ *	\$ *	\$ 27,102,000	\$ 24,448,000	\$ 24,999,100	\$ 26,048,000	\$ 27,322,000	\$ 26,205,000
Performance Goal III-A: Develop a sound and integrated information technology architecture that will foster our long-term efforts to improve mission performance while operating with fewer resources.								
1. Establish a formal information technology architecture planning function, by 09/30/01. (Measure: Yes/No)	FY 2001 goal	FY 2001 goal	Yes	FY 2001 goal	FY 2001 goal	FY 2001 goal	FY 2001 goal	FY 2001 goal

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	1999 Actual (At \$90 m.)	2000 Actual (At \$90.7m.)	2001 Actual (At \$94.9 m.)	2002 Estimated (At \$97.7 m.)	2002 Actual (At \$97.6 m.)	2003 Projected (At \$97.72 m)	2004 Request Level (At \$102.5 m.)	2004 President's Budget Level (At \$99.82m.) 1/
2. Develop an initial framework for information technology architecture, by 09/30/01. (Measure: Yes/No)	FY 2001 goal	FY 2001 goal	Yes	FY 2001 goal	FY 2001 goal	FY 2001 goal	FY 2001 goal	FY 2001 goal
3. Establish processes to support and enforce the information technology architecture to ensure that it is uniformly followed throughout the agency, by 09/30/02. (Measure: Yes/No)	New indicator	New indicator	New indicator	Yes	Yes	FY 2002 goal	FY 2002 goal	FY 2002 goal
4. Establish processes by March 31, 2002, to use the information technology architecture as a standard for evaluating and prioritizing all major automation initiatives and investments. (Measure: Yes/No)	New indicator	New indicator	New indicator	Yes	Yes	FY 2002 goal	FY 2002 goal	FY 2002 goal
5. Ensure, by September 30, 2002, that the information technology architecture is closely linked to our long-range Strategic Information Resources Management (IRM) Plan, Information Technology (IT) Capital Plan, and budget submissions. (Measure: Yes/No)	New indicator	New indicator	New indicator	Yes	Yes	FY 2002 goal	FY 2002 goal	FY 2002 goal
Performance Goal III-B: Design and implement information technology initiatives that fundamentally improve our efficiency and effectiveness in achieving the agency's mission.								
1. Design and implement specific automation initiatives, as outlined in the Strategic IRM Plan and agreed to by the IT Steering Committee. (Measure: Yes/No)	New indicator	New indicator	See below	See below	See below	See below	See below	See below
Complete the LAN/WAN infrastructure improvement project by 03/31/01.			Yes (in 02/01)	FY 2001 goal	FY 2001 goal	FY 2001 goal	FY 2001 goal	FY 2001 goal
Complete Phase 4 of the APPLication Express (APPLE, a system which allows applications for retirement and survivor benefits to be taken online) project by 09/30/02. (New target completion date 07/31/03.)				Deferred	Deferred	Deferred	Canceled	Canceled
Complete next phases in the RRA Transaction Systems by 09/30/02 as follows: -- Nationwide implementation of three Internet transactions piloted in FY 2001 - Compensation and Service Record Request Online - Retirement Planner Online - Application for Employee/Spouse Annuity Online								
				Yes Yes Yes	Deferred Deferred Deferred	Yes Yes Deferred	FY 2003 goal FY 2003 goal Yes	FY 2003 goal FY 2003 goal Yes

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	1999 Actual (At \$90 m.)	2000 Actual (At \$90.7m.)	2001 Actual (At \$94.9 m.)	2002 Estimated (At \$97.7 m.)	2002 Actual (At \$97.6 m.)	2003 Projected (At \$97.72 m)	2004 Request Level (At \$102.5 m.)	2004 President's Budget Level (At \$99.82m.) 1/
<p>Complete next phases in the RRA Transaction Systems by 09/30/03 as follows:</p> <p>-- Pilot five additional Internet transactions:</p> <ul style="list-style-type: none"> - Applications for Survivor Benefits Online - Beneficiary Profile Online - Status of Claim Online - Beneficiary File View - Appeal Attorney View <p>-- Employer Internet Initiative</p>				Deferred until FY 2003	Deferred until FY 2003	<p>Deferred</p> <p>Deferred</p> <p>Deferred</p> <p>Canceled</p> <p>Canceled</p> <p>Meet milestones in action plan</p>	<p>Yes</p> <p>Canceled</p> <p>Yes</p> <p>Convert 9 forms to Internet</p>	<p>Yes</p> <p>Canceled</p> <p>Yes</p> <p>Convert 3 forms to Internet</p>
Implement Phase 1 of SPEED (post-adjudication work deductions) as one of the Customer/Event Initiated Transaction Systems by 06/30/02. Project completion may be delayed until 07/31/03.)				Yes	Deferred until FY 2003	Yes	FY 2003 goal	FY 2003 goal
Implement Phase 2 of SPEED (automate post-entitlement annuity adjustments that result from excess earnings or work performed for the last pre-retirement employer) as one of the Customer/Event Initiated Transaction Systems by 09/30/04.							Yes	Yes
Complete post-adjudication processes in the Document Imaging and Workflow System by 09/30/02. (Project completion may be delayed until 07/30/03.)				Deferred until FY 2003	Deferred until FY 2003	Yes (10/31/02)	FY 2003 goal	FY 2003 goal

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	<i>1999 Actual</i> <i>(At \$90 m.)</i>	<i>2000 Actual</i> <i>(At \$90.7m.)</i>	<i>2001 Actual</i> <i>(At \$94.9 m.)</i>	<i>2002 Estimated</i> <i>(At \$97.7 m.)</i>	<i>2002 Actual</i> <i>(At \$97.6 m.)</i>	<i>2003 Projected</i> <i>(At \$97.72 m)</i>	<i>2004 Request Level</i> <i>(At \$102.5 m.)</i>	<i>2004 President's Budget Level</i> <i>(At \$99.82m.) 1/</i>
<p>Design and implement the following specific automation initiatives by 9/30/03:</p> <p>Complete implementation of the new version of TESSERACT, the agency's personnel/payroll system.</p> <p>Complete next phases of RRA Transaction Systems and Customer Event-Initiated Transaction System by piloting transaction entry and automated processing for changes of address and direct deposit.</p> <p>Complete requirements and design for the RUIA Transaction Systems.</p> <p>Add the capability for applicants to trace the status of a benefit application over the Internet.</p> <p>As a prelude to completion of real-time calculations, automate the last determinations and calculations that require manual input to the SEARCH system which provides the information on which annuities are based: military service creditability, vested dual benefit entitlement determination, primary insurance amount computations, etc.</p> <p>Complete the requirements for peripheral internal organizations to interface with the imaging system.</p>						<p>Yes</p> <p>Deferred</p> <p>Deferred</p> <p>Deferred</p> <p>Deferred</p> <p>Deferred</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
<p>Complete the following automation initiative by 9/30/04:</p> <p>RESCUE-this initiative will automate annuity adjustments due to changes in railroad service months, railroad compensation, or social security wages posted to the Employment Data Maintenance database.</p>							<p>Yes</p>	<p>Yes</p>

RAILROAD RETIREMENT BOARD FY 2004 ANNUAL PERFORMANCE PLAN AND FY 2002 PERFORMANCE REPORT	1999 Actual (At \$90 m.)	2000 Actual (At \$90.7m.)	2001 Actual (At \$94.9 m.)	2002 Estimated (At \$97.7 m.)	2002 Actual (At \$97.6 m.)	2003 Projected (At \$97.72 m)	2004 Request Level (At \$102.5 m.)	2004 President's Budget Level (At \$99.82m.) 1/
Performance Goal III-C: Ensure effective and efficient management of information technology resources.								
1. Successfully implement major projects as specified in project plans, project definition and requirements documents. (Measure: % completed and signed off on by due date within 10% of the estimated time frame.)	100%	100%	100%	100%	100%	100%	100%	100%
2. Provide accurate cost estimates for major projects. (Measure: total estimated costs ÷ total actual costs)	All projects were within 10% of cost estimate	- 11%	+ 1.6%	+/- 10% of cost estimate	- 28%	+/- 10% of cost estimate	+/- 10% of cost estimate	+/- 10% of cost estimate
3. Computer operations satisfy service levels as specified in user service agreements. (Measure: exception reports)	2	12	7	Revised	Revised	Revised	Revised	Revised
Information technology services will meet the service levels as specified in user service agreements and/or published customer service standards. [Exceptions would include, for example, incidents of system down times, unsuccessful batch operations, or other public situations. In fiscal year 2002, we are expanding this performance goal to cover all information technology services, not just computer operations.] (Measure: exception reports)	Not applicable	Not applicable	Not applicable	No more than 15	8	No more than 15	No more than 15	No more than 15
4. Implement computer security program, as required. (Measure: Yes/No)	New indicator	New indicator	New indicator	New indicator	New indicator	New indicator	Yes	Yes

* Comparable data are not available. Former Strategic Plan was prepared based on **four** strategic goals, while the current Strategic Plan is based on **three** strategic goals.

** Payment Accuracy Rate – the percentage of **dollars** paid correctly as a result of adjudication actions performed.

Case Accuracy Rate – the percentage of **cases** that do not contain a material payment error. Case accuracy rates reflect only those errors that are detected as a result of reviewing award actions performed during the fiscal year being studied. (A material error is (1) an incorrect payment of \$5.00 or more at the point the error is identified, (2) an incorrect payment of less than \$5.00 totaling 1 percent or more of the monthly rate, or (3) any situation in which a non-entitled benefit is paid.)

*** Revised effective January 14, 2003, based on fiscal year 2002 actual performance and/or fiscal year 2003 expected funding.

**** Allows 5 days for mail delivery.

Discussion of Unmet Performance Goals and Indicators for Fiscal Year 2002

Performance indicator I-A.2 Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate of at least 99%. (Measure: % accuracy rate)

We planned to achieve a 99.5% unemployment insurance benefit payment accuracy rate, and narrowly missed it, achieving a 99.12% rate. Our analysis found that most of the improperly paid benefits occurred during the 2nd quarter, when district office workload increased due to the RRSIA legislation. Therefore, we believe the initial impact of the RRSIA legislation negatively affected the unemployment insurance payment accuracy rate.

We believe that as workloads return to pre-RRSIA levels, and barring any unforeseen problems, the unemployment insurance payment accuracy rate should rise at the agency requested funding level.

Performance indicator I-B.4 Survivor annuitant, who had been receiving benefits as a spouse, receives payment as survivor, notice of denial, or notice of application transfer to SSA, within 35 days of the RRB's receipt of the notice of employee's death. (Measure: % ≤ 30 processing days)

We narrowly missed making this goal in FY 2002. We planned to achieve 91.5% timeliness, but achieved 91.3%. The resources we committed to the implementation of the RRSIA negatively impacted our ability to meet this goal.

Performance indicator I-B.9 Disabled applicant or family member receives notice of decision to pay or deny within 105 days of the date application for disability is filed. (Measure: % ≤ 100 processing days)

We did not meet this goal because of a lack of initial disability claims examiners. During the first 4 months of FY 2002, there were only 8 journeyman claims examiners in the initial section. A claims examiner training class with 12 participants began in July 2001, but did not finish until the end of January 2002. The additional claims examiner staffing provided the resources necessary to improve our timeliness during the last 8 months of FY 2002; and, as they gain additional experience, we should be able to achieve our timeliness goals in FY 2003.

Performance indicator I-D.3 Obtain customer feedback. (Measure: surveys & reviews)

We planned to administer the American Customer Satisfaction Index survey in FY 2002. The survey was deferred until October 2002 due to implementation of the RRSIA.

Performance indicator I-E.1 Covered employer reports filed on time. (Measure: % of reports filed on time)

In an effort to increase the timeliness of employer reporting, we are exploring several initiatives to create a more simplified process. This will reduce the manual tracing and adjusting actions currently required to secure late service records and update employee accounts.

Performance indicator I-E.2 Covered employer reports filed accurately. (Measure: % of reports filed without problems)

The increase in the number of reports filed electronically indicates there were a number of first-time filers and our staff corrected problems for these employers. Also, one large employer over-reported 3,500 employee accounts, substantially increasing the error total. We will monitor future reports, as well as make personal reminders, when the report process commences.

Performance indicator II-A.3 Perform continuing disability reviews. (Measure: number performed)

We failed to meet this due to the diversion of experienced disability examiners to assist in the initial disability examiner class from October 2001 through January 2002. In addition, experienced examiners were diverted to process initial disability claims during the period February 2002 through April 2002 due to the shortage of fully trained examiners. A secondary contributing factor was a reduction in available overtime due to RRSIA implementation.

Performance indicator II-F.2 Purchase orders are filled by or before delivery date. (Measure: % meeting objective)

The performance goal was to fill 86% of the purchase orders by or before the delivery date. We narrowly missed this target, filling 85% by or before the delivery date. We intend to achieve the 86% level in FY 2003.

Performance indicator II-G.3 Create and implement a succession planning program. For fiscal year 2002, create a skills assessment file for selected employees in the GS-14 to GS-15 range and establish and competitively fill two developmental positions. (Measure: Yes/No)

We will look for opportunities to create the developmental positions as budget priorities are fulfilled. We will continue to work with senior officials to ensure that they are making use of the skills assessment as a tool to discuss performance and goals with their employees.

Performance indicator III-B.1 Complete next phases in the Internet Transactions Software by 09/30/02 as follows: Nationwide implementation of three Internet transactions piloted in FY 2001

- Compensation and Service Record Request Online
- Retirement Planner Online
- Application for Employee/ Spouse Annuity Online

The completion date for the achievement of these goals was deferred due to the diversion of required resources with projects deemed a higher priority such as RRSIA implementation and expanding personalized Internet access capability. The revised implementation for the first two projects is scheduled for FY 2003, and for the third is FY 2004.

Performance indicator III-B.1 Implement Phase 1 of SPEED (post-adjudication work deductions) as one of the Customer/Event Initiated Transaction Systems by 06/30/02.

This project was deferred due to resources being diverted to implementing the RRSIA. We plan to complete this project in FY 2003.

Performance indicator III-C.2 Provide accurate cost estimates for major projects. (Measure: total estimated costs ÷ total actual costs)

For this indicator, actual costs were significantly less than estimated costs. The actual cost estimates for major projects appeared as if they were overestimated largely because the project requirements were scaled down. The original requirements would have required significantly more resources.