

## EFFECT OF PROPOSED HOUSE APPROPRIATIONS ON THE RAILROAD RETIREMENT BOARD

- The Fiscal Responsibility Act, which was enacted in June 2023 to avoid federal debt default and reduce the federal budget, adjusted federal expenditures to FY 2022 levels. In the case of the Railroad Retirement Board (RRB), the FY2022 budget level was \$124 million.
- On July 14, 2023, the House Labor, Health, and Human Services Appropriations Subcommittee released the funding levels for the RRB. The proposed appropriation for the RRB budget is \$103 million. This is a 20% or \$25 million funding reduction from the FY 2023 levels of \$128 million.
- The agency has not seen a budget level as low as the proposed appropriation since FY 2008. At that level, the agency would not be able to carry out its mission successfully.
- Unlike other agencies, the RRB’s funding does not primarily come out of the general pot of taxpayer revenues. Rather, it is funded from contributions by rail labor and rail management. This is true for the agency’s administrative budget which is funded through trust fund dollars but appropriated by Congress.

BUDGET INFORMATION	
FY24 Agency Request	\$173.744 million
FY24 President Request	\$138.575 million
FY24 House Appropriation	\$103 million
FY23 Appropriation	\$128 million
FY22 Appropriation	\$124 million
FY09 Appropriation	\$105.463 million
FY08 Appropriation	\$101.882 million

### *CONSEQUENCES OF HOUSE PROPOSAL*

- A 20% slash in funding would have drastic effects on hundreds of thousands of railroad retirees, spouses, survivors, and active employees. The RRB paid approximately 530,000 railroaders and family members benefits in FY2022 and serves close to 200,000 active workers.
- The RRB ideally needs 880 employees to operate efficiently and decrease backlog. Due to recent retirements and separations, the RRB is currently staffed with 725 employees as of July 1, 2023, and is actively hiring to address staffing shortages.
- At the \$103M level, there would not be enough funds to pay the salary and benefits of the 725 current RRB employees. Preliminary calculations show that the agency will need to reduce staffing levels by 167 employees. That would put the agency’s total employee count at approximately 558, more than 300 employees, or 63.4%, below the level to function effectively.

## *RRB OPERATIONS AT LOWER STAFFING LEVEL*

At the 558 FTE staffing level, RRB operations would be affected across the board. For example:

- *Call response time*- The agency's telephone answer rate will decrease significantly. The RRB would only be able to answer approximately 32-38% of total calls received. Call wait times will increase to 60-75 minutes per call, depending on the month, doubling our current average wait time of 37.5 minutes.
- *Field service availability*- The RRB does not have the ability to take retirement, disability, or sickness applications online. Nor can the agency accept the associated original documents (i.e. birth certificate, proof of marriage, etc.) needed for application eligibility electronically. Similarly, it cannot accept medical records electronically. As a result, if there are not sufficient RRB employees to staff the agency's field offices, applications cannot be processed timely.
- *Disability* – The average processing time for initial claims is estimated to increase 125%, to 475 days. The agency is currently understaffed in disability which has real consequences with disabled applicants waiting over a year for benefits. Our offices receive regular calls and congressional inquiries about the dire financial circumstances these applicants find themselves in, including losing cars and homes. The RRB has been working to hire, train, and retain disability examiners to improve these processing times. The proposed budget would not only halt that hiring and training, but it would worsen staffing and increase processing times.
- *Retirement* – The agency would be unable to process the backlog of 160,000 pending actions related to activity after an annuitant begins receiving a retirement benefit. In fact, there would be an increase in these post-entitlement actions such as reducing benefits for work deductions and well as removing work deductions once work has stopped.
- *Sickness* – The average processing time would increase by 100%, from 2½ days to 5 days for urgently needed, short-term sickness benefits.
- *Information Technology* – The reduction in workforce in our IT department would be catastrophic to our agency and will most certainly impact our cybersecurity and infrastructure significantly, which could put our agency at serious risk for cyberattacks, missed processing windows, and poor customer service. The modernization efforts of our outdated systems would be halted, and manual processing of payments would inevitably continue.
- *Program Integrity*- Program integrity and audit efforts would be impacted as employees would be shifted to mission-critical work. This will introduce inefficiencies and increase costs.

The dedicated railroad employees paying into the trust funds are ultimately funding most of the agency's administrative budget. They pay into the trust so that one day when they need their earned benefits, the RRB is there to timely process and provide them with the benefits and service they rightfully deserve and have earned. They, more than anyone else would feel the harsh sting of RRB funding cuts.