



U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Management Information Report

Management and Performance Challenges Facing the Railroad Retirement Board for Fiscal Year 2025

Report No. 26-04

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What We Found

The Reports Consolidation Act of 2000 and Office of Management and Budget Circular A-136 require the Inspector General to make a statement on what they consider to be the most serious management and performance challenges facing the agency and assess the agency's progress in addressing those challenges. As required, the Inspector General's statement was included in the Railroad Retirement Board's (RRB) fiscal year 2025 Performance and Accountability Report (PAR).

We present the following six major management and performance challenges facing the RRB:

1. Improve Agency Disability Program Integrity
2. Improve Information Technology Security
3. Complete Information Technology Systems Modernization
4. Strengthen Controls Over Representative Payees
5. Ensure Reliable Financial Statements and Internal Controls Over Financial Reporting
6. Improve Human Capital Management

Management's Comments and Our Response

RRB provided written comments, which are reprinted in Appendix I. While RRB management provided comments for all the challenges we identified, our assessment of those challenges facing the RRB remains unchanged.

What We Did

Our identification of management and performance challenges facing the RRB was based on recent audits, reviews, investigations, follow-up activities, and issues of concern to the Office of Inspector General.

We previously provided these management challenges to the RRB for inclusion in its fiscal year 2025 PAR.

Our objective was to identify and assess the most serious challenges facing RRB management during fiscal year 2025.

Contents

INTRODUCTION	1
OBJECTIVE, SCOPE, AND METHODOLOGY	2
MANAGEMENT’S COMMENTS AND OUR RESPONSE	2
RESULTS OF REVIEW	4
CHALLENGE 1 – IMPROVE AGENCY DISABILITY PROGRAM INTEGRITY	4
CHALLENGE 2 – IMPROVE INFORMATION TECHNOLOGY SECURITY	6
CHALLENGE 3 – COMPLETE INFORMATION TECHNOLOGY SYSTEMS MODERNIZATION	8
CHALLENGE 4 – STRENGTHEN CONTROLS OVER REPRESENTATIVE PAYEES	10
CHALLENGE 5 – ENSURE RELIABLE FINANCIAL STATEMENTS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING	12
CHALLENGE 6 – IMPROVE HUMAN CAPITAL MANAGEMENT	13
APPENDIX I: MANAGEMENT COMMENTS	19
APPENDIX II: REPORTS	27
ABBREVIATIONS	28
LIST OF FIGURES	
FIGURE 1. TIMELINESS OF INITIAL DISABILITY DECISIONS	5
FIGURE 2. RRB FULL-TIME EQUIVALENT EMPLOYEES (ACTUAL AND AGENCY REQUESTED)	15

INTRODUCTION

The Reports Consolidation Act of 2000 and the Office of Management and Budget (OMB) Circular A-136 require the Inspectors General to identify what they consider the most serious management challenges facing their respective agency and briefly assess the agency's progress in addressing these challenges.¹ As required, the Inspector General's (IG) statement was included in the Railroad Retirement Board's (RRB) fiscal year 2025 Performance and Accountability Report (PAR).²

The RRB is an independent agency in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement-survivor and unemployment-sickness benefit programs for the nation's railroad workers and their families, under the Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA). As part of the retirement program, the RRB also has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage.³

The RRB administers the following benefits:

- Retirement – Under the RRA, railroad workers with at least 10 years of service can receive retirement and disability annuities. Such annuities are also payable to workers with 5 years of service if performed after 1995.
- Disability – Under the RRA, disability annuities can be paid on the basis of total or occupational disability.
- Sickness – Under RUIA, sickness benefits are paid to railroad workers unable to work because of illness or injury.
- Unemployment – Under RUIA, unemployment insurance benefits are paid to railroad workers who are unemployed but ready, willing, and able to work.
- Railroad Medicare – The Medicare program covers railroad workers just like workers covered under social security.

In fiscal year 2024, the RRB paid retirement-survivor benefits of nearly \$14.5 billion to about 483,000 beneficiaries and paid unemployment-sickness insurance benefits of approximately \$62.4 million to about 16,000 claimants. In fiscal year 2024, the RRB also paid benefits on behalf of the Social Security Administration (for which the RRB was reimbursed) amounting to \$2.6 billion to about 128,000 beneficiaries.

¹ Office of Management and Budget (OMB), *Financial Reporting Requirements*, Circular No. A-136 Revised (Washington, D.C.: July 14, 2025).

² Railroad Retirement Board (RRB) Office of Inspector General (OIG), *The Office of Inspector General's Report on the Railroad Retirement Board's Financial Statements in the Fiscal Year 2025 Performance and Accountability Report*, Report No. 26-02 (Chicago, IL: December 18, 2025).

³ Social Security Act (42 U.S.C § 1842(g)).

This year's management challenges are:

- Improve Agency Disability Program Integrity
- Improve Information Technology Security
- Complete Information Technology Systems Modernization
- Strengthen Controls Over Representative Payees
- Ensure Reliable Financial Statements and Internal Controls over Financial Reporting
- Improve Human Capital Management

The challenges this year include items relating to prior Office of Inspector General (OIG) concerns or those identified in prior audits, the President's Management Agenda, and areas related to the RRB's core mission.⁴ Many of this year's challenges have been included in prior statements.

Objective, Scope, and Methodology

Our objective was to identify and assess the most serious challenges facing RRB management during fiscal year 2025. Our identification of management and performance challenges facing the RRB was based on recent audits, reviews, investigations, follow-up activities, and issues of concern to the OIG.

Management's Comments and Our Response

As required, these management and performance challenges were provided to RRB for inclusion in its fiscal year 2025 PAR.⁵ Subsequently, RRB management provided written comments in its PAR, and we provided the full text of these comments in Appendix I.

In its comments, RRB management acknowledged the challenges identified by OIG and agreed with most of the concerns and actions needed to address the challenges. RRB management described actions implemented, approaches taken, actions underway, and planned actions to improve the functions and operations of the agency to address the challenges identified. For example, the RRB stated they successfully worked with the Department of the Treasury to implement a reporting structure change for the assets held by the National Railroad Retirement Investment Trust (NRRIT). As a result, RRB's financial statements auditors issued an unmodified audit opinion and reported that the RRB's consolidated financial statements presented fairly, in all material respects, the financial position of the RRB as of September 30, 2025, the first time since 2012.

Lastly, RRB management also acknowledged that due to insufficient funding and staffing shortages, the RRB might not be able to address the weaknesses for most challenges.

⁴The President's Management Agenda is undergoing revision and was not published at the time of this report, <https://www.performance.gov/pma/>.

⁵ RRB OIG Report No. 26-02.

While RRB management provided comments and rebuttals, our assessment of the major challenges facing the RRB remains unchanged. As responsible public stewards, RRB management must implement an effective control system to ensure that all agency programs are managed efficiently.

RESULTS OF REVIEW

This management information report presents the following six major management and performance challenges facing the RRB for fiscal year 2025.

Challenge 1 – Improve Agency Disability Program Integrity

RRB must ensure: (1) accurate and timely determinations of eligibility of an applicant for a disability annuity, early Medicare coverage, and a disability freeze, and (2) annuitants remain eligible to continue benefits by careful and cost-effective monitoring.⁶

Why is this a challenge?

The consequences of the untimely processing of disability applications could immediately impact railroad workers and their families who are unable to work and might struggle to pay essential living expenses (e.g., food, clothing, housing, and medical care). As of October 2024, the cost of the RRB's disability program was approaching \$708 million per year in benefit payments. The potential for fraud and abuse in the RRB's disability program remains high due to challenges in: (1) disability workloads and staffing levels, (2) timeliness of initial disability decisions, and (3) effective continuing disability reviews (CDR). Historically, the RRB's disability program has been a target for wrongdoers and its occupational disability program with its attractive payout and less challenging approval criteria.

Disability Workloads and Staffing Levels

In the RRB's fiscal year 2026 budget justification to Congress, RRB management indicated that inadequate staffing levels created backlogs of initial disability decisions and post adjudicative actions, impacting the accuracy of retirement/survivor, disability, and unemployment/sickness benefit payments. RRB management also indicated that RRB's public-facing field offices have experienced a significant 18.4 percent year-over-year increase in federal benefit applications and claims receipts. During the same period, the number of applications pending per employee rose by 30 percent, resulting in an average national backlog of 7,440 retirement benefit cases across field offices.

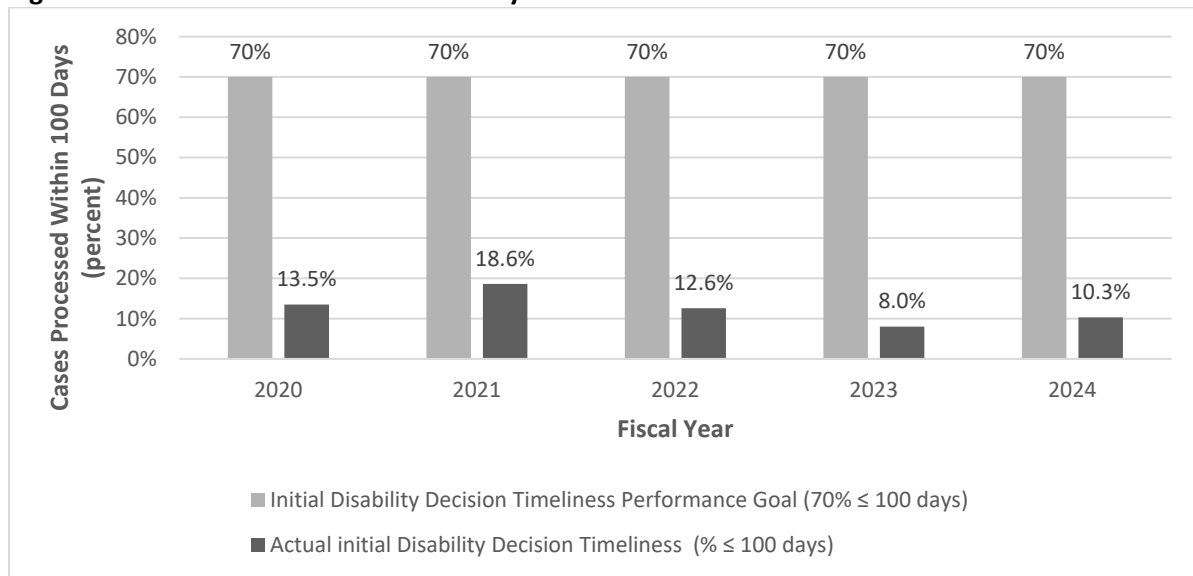
While prioritizing initial age and service retirement benefit awards has been largely successful, it has impacted the disability program. As of June 2025, the RRB had 2,017 cases pending an initial disability decision and 3,055 early Medicare (disability freeze) cases pending decision. In addition, the prioritization of initial payment awards led to backlogs in cases requiring post award adjustment (i.e., a revision or modification to a benefit payment because of income changes that did not fully process through RRB's automated systems). The inability to address these items, timely, reduces benefit payment accuracy. As of April 4, 2025, RRB had a total of 90,105 pending retirement post award actions.

⁶ The freeze provision of the Social Security Act protects disabled workers and their families against the loss of, or the reduction in benefits because of the worker's disability.

Timeliness of Initial Disability Decisions

The RRB did not accomplish one of the agency’s strategic performance goals for initial disability decision timeliness.⁷ As shown in Figure 1, in fiscal year 2024, the RRB made just 10.3 percent of initial disability decisions within 100 days of the application filed date, which continued to be significantly lower than the 70 percent performance goal. This was the second lowest performance in the last five years.

Figure 1. Timeliness of Initial Disability Decisions



Source: RRB’s fiscal year 2023, and fiscal year 2024 Performance and Accountability Report (PAR), Justification of Budget Estimates for fiscal year 2025 (Congressional Justification).

Continuing Disability Reviews

The RRB is statutorily required to periodically review a disability annuitant’s impairment(s) and work activity to determine if the annuitant continues to be entitled to disability benefits.⁸ The RRB calls this evaluation a CDR. At the start of fiscal year 2024, there were 824 pending CDR actions. During fiscal year 2024, the Disability Benefits Division developed and completed 388 pending items. Of the 388 actions completed, 122 required detailed reviews because of a potential impact to entitlement or payment.

Improvements in the RRB’s oversight of CDRs will help minimize disability overpayments and improve disability program integrity. The completion of CDRs has impacted the performance of the RRB’s disability program. Total and occupational disability awards, valued at approximately

⁷ Per the RRB’s fiscal year 2024 Performance and Accountability Report (PAR), the timeliness performance goal II-A-7 is the following: *RRB makes a decision to pay or deny a benefit for a disabled applicant or family member within 100 days of the date the application filed (Measure: % ≤ 100 days).*

⁸ RRB regulations in 20 Code of Federal Regulations § 220.185 through 187 and 220.15 through 20 describe the broad categories of circumstances when the RRB will conduct a continuing disability review and the frequency of review of disability determinations under the Railroad Retirement Act.

\$708 million in fiscal year 2024, (\$448 million for occupational disability and \$260 million for total disability) are at risk of fraud and abuse.⁹

Assessment of the Progress the Railroad Retirement Board Has Made

In the RRB's fiscal year 2024 Performance and Accountability Report (PAR), RRB management discussed what they have done to improve disability program integrity with their limited but proactive resources.

RRB management explained that program integrity is taken very seriously in light of its dire budget situation and staffing shortages. RRB added some staff to its disability examiner units in fiscal year 2023 and in fiscal year 2024, they completed their training phase, resulting in commensurate workload improvements. RRB has since reduced its pending initial disability cases down to 2,425 from 2,524. Similarly, its 3,075 early Medicare, i.e., disability freeze cases, pending as of March 2024 have dropped to 2,954. In fiscal year 2024, RRB completed 10.3 percent of initial disability decisions within their goal of 100 days, representing a 2 percent improvement over fiscal year 2023.

However, RRB's ability to issue timely decisions and decrease its pending cases will not occur without increased staffing levels or modernization of its processes. And, its ability to implement corrective action plans is also constrained by staffing shortages.

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue increasing the staffing levels or modernize its process to improve the timeliness of initial disability decisions and the effectiveness of the CDR program.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to work on reducing and eliminating the pending disability cases.
- The RRB needs to work with OMB and the Office of Personnel Management (OPM) to acquire the necessary resources to address its disability program weaknesses or make necessary organizational changes to overcome this challenge.

Challenge 2 – Improve Information Technology Security

RRB must ensure that its information technology (IT) systems are secure and its sensitive data is protected.

Why is this a challenge?

For over 20 years in a row, auditors concluded that the RRB's information security program was not effective. Secure IT systems are vital to support the RRB's ability to meet its core mission

⁹ A railroad employee is considered occupationally disabled if the physical or mental condition is such that the employee is permanently disabled for work in his or her regular railroad occupation, even though the employee may be able to perform other kinds of work.

and to transform its core business processes and services while safeguarding information. RRB systems contain personally identifiable information, such as social security numbers, which, if not protected, could be subject to inappropriate disclosures. Disruptions to the integrity or availability of RRB's information systems could dramatically impact its ability to serve the public and achieve its mission.

In the RRB OIG's audit of the RRB's compliance with the Federal Information Security Modernization Act of 2014 (FISMA) for fiscal year 2024, the auditors determined that the RRB sustained, or continued to improve, the core FISMA Inspector General metrics reviewed in the audit.¹⁰ Although the RRB continued to improve its information security program, the majority of cybersecurity framework functions were rated below the level of "Managed and Measurable" (Level 4), which is how OMB, the Department of Homeland Security (DHS), and Council of the Inspectors General on Integrity and Efficiency define an effective information security program.

Assessment of the Progress the Railroad Retirement Board Has Made

The RRB continues to emphasize the need for improving its cybersecurity. Regarding IT security as a whole, the RRB continued to progress towards a compliant information security program as a component of its Strategic Goal III, *Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources*. Through this strategic objective, the RRB is setting the tone that it must ensure effectiveness, efficiency, and security of operations.

In its fiscal year 2026 budget justification to Congress, RRB management indicated that it continues to progress towards a compliant [and effective] information security program to improve its security posture while proactively addressing emerging guidance including executive orders, operational directives, and emergency directives. RRB explained that it has partnered with DHS with a goal designed to improve the RRB's information security program through continuous monitoring of vulnerabilities, hardware and software management, configuration management, and privileged account management.

As explained in its fiscal year 2024 PAR, RRB management implemented an automated solution by using the Department of Justice's cybersecurity tool to manage risk effectively. Additionally, the RRB continued addressing open findings and also implemented an information security continuous monitoring strategy through the DHS. Further, the RRB developed a Zero Trust Architecture Strategy pursuant to Executive Order 14028, *Improving the Nation's Cybersecurity*, issued on May 12, 2021. The RRB's strategy is designed with a goal to improve the RRB's cybersecurity posture for its cloud-computing environments and includes controls for multi-factor authentication, data encryption, and conditional access management.

¹⁰ RRB OIG, *Audit of the Railroad Retirement Board's Compliance with the FISMA of 2014 for Fiscal Year 2024*, Report No. 25-03 (Chicago, IL: February 24, 2025).

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue improving IT security to ensure it will eventually reach the overall maturity goal of Managed and Measurable (Level 4), thus an effective information security program.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to develop a Single Sign-On (SSO) with Role-Based Access to efficiently simplify its access control and streamline navigation through system consolidation.
- The RRB needs to work with OMB and OPM to acquire the resources required to safely secure its information technology systems or make necessary organizational changes to overcome this challenge.

Refer to Appendix II for the relevant report for this challenge.

Challenge 3 – Complete Information Technology Systems Modernization

RRB must complete its ongoing initiatives to modernize its IT systems to accomplish its mission, despite budget and resource constraints.

Why is this a challenge?

An ever-increasing challenge to the RRB's system modernization efforts, is the loss of its institutional and technological knowledge through the separation of its workforce. Since 2018, the RRB's information technology staffing levels have dropped by 34 percent. The loss of its workforce has hindered its ability to provide daily operational support and to begin its application modernization, as the mission of the RRB is supported by more than 200 applications and its 30-year-old mainframe. RRB risks unnecessarily expending its critical agency funds to attempt full-scale application modernization with its ongoing lack of staffing and technology. Further, its budget cuts have necessitated an agency wide hiring freeze and have limited its ability to acquire critical IT skillsets or to purchase the technology needed to continue its modernization efforts.

The RRB OIG recently contracted with an independent consulting firm to perform a risk assessment of RRB programs. The assessment showed elevated risks in information technology systems. These elevated risks were caused by:

- RRB staff navigating multiple benefit payment processing systems for daily tasks, which can increase the likelihood of data entry errors, inaccurate applications, and inaccurate claims processing, potentially leading to security issues.
- The fragmented system environment may lead to inconsistent data across platforms, complicating data reconciliation efforts and decision-making processes.
- The reliance on multiple systems could increase IT maintenance costs and system downtime, further straining resources and affecting operational service delivery.

- Complex system navigation may complicate staff training and onboarding, exacerbating the risk of reduced staff productivity.
- The reliance on the mainframe's Common Business-Oriented Language (COBOL) operating system, which necessitate extensive training for staff to operate effectively and specialized knowledge base is required to perform maintenance functions.
- The challenges in onboarding new "COBOL" employees.
- The need for specialized maintenance knowledge which could increase IT maintenance costs and system downtime, potentially resulting in processing delays and late benefit payments.
- The transition to self-service systems, if not managed effectively, may face integration challenges with existing COBOL systems, risking disruptions in service delivery.

Assessment of the Progress the Railroad Retirement Board Has Made

RRB formally adopted a strategic plan for IT modernization in fiscal year 2023. The agency aligned its goals and objectives with its focus on enabling a mobile and distributed RRB workforce to improve the customer experience and secure and optimize IT operations to deliver a seamless digital experience. During fiscal year 2024, the RRB updated its modernization plan to clarify the performance measures needed to address three areas of its modernization program: 1) technical management, 2) program management, and 3) agile performance.

To address these COBOL issues, RRB is in the planning stages of implementing self-service processes within its field office operations. These improvements aim to empower beneficiaries to make changes and submit applications online, reducing the need for direct intervention by field office staff and streamlining the overall process.

In fiscal year 2024, the RRB also established a subcommittee focused on its IT modernization program and reporting to the Executive Committee. This subcommittee will provide recommendations and identify business priorities the IT modernization program should address and will establish processes and procedures directed towards modernizing agency operations and realizing cost savings and avoidance of waste.

The RRB is also planning to research the establishment of customer feedback loops to gather insight on its user experience and fine tune its systems and applications. The RRB will also measure the adoption of its online services by monitoring website traffic analytics and submission rates of self-service forms.

While significant effort is being made, RRB management expressed significant concern that critical funding is needed to obtain the resources needed to fully execute its modernization effort and address key findings.

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue working on their IT modernization efforts.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to create a Cross-System Accountability Matrix. This matrix will cover its functional responsibilities for data entry including updates, reviews, approvals, and other tasks across all benefit systems.
- The RRB needs to establish a Unified Case Management Platform. This platform will serve to consolidate its data views from different legacy systems into a single user interface with workflow capabilities.
- The RRB needs to modernize its legacy applications incrementally and use modern interfaces with its COBOL systems to minimize disruption and cost and reduce complexity.
- The RRB needs to work with OMB and OPM to acquire additional resources directed towards an efficient modernization or make necessary organizational changes to overcome this challenge.

Refer to Appendix II for the relevant report for this challenge.

Challenge 4 – Strengthen Controls Over Representative Payees

RRB must ensure that its most vulnerable annuitants (e.g., its elderly, youth, disabled, and handicapped) are well protected and safeguarded from fraud, waste, and abuse. During fiscal years 2023 and 2024, the RRB paid \$256.5 million and \$260.6 million to 11,977 and 11,697 representative payees, respectively.

Why is this a challenge?

RRB OIG identified significant concerns potentially impacting the safety and welfare of the RRB annuitants when a representative payee was appointed to oversee the annuitant’s finances. This occurs when an annuitant cannot properly manage or handle their own benefit payments due to a physical or mental impairment. Some of the concerns identified were inadequate monitoring of representative payee spending, not securing a vendor for a new background check system after the previous contract had expired, and not establishing a written policy for determining what would classify an applicant as a high-risk representative payee.¹¹ RRB was found to be not fully compliant with its required procedures, as representative payee documentation for its appointment and monitoring processes were not always complete or uploaded to its documentation [imaging] system.

These issues occurred primarily because RRB either lacked policies and procedures, did not adhere to them, or its representative payee monitoring process was inadequate. Limited RRB staffing resources and inadequate training also factored into the cause.

¹¹ Background checks are required to ensure the representative payee does not have a criminal record.

RRB OIG issued numerous recommendations to address these issues.

In addition to the previous concerns, the RRB OIG determined that the RRB's Bureau of Field Service (BFS) transferred its representative payee monitoring responsibilities to RRB's Program Evaluation and Management Services (PEMS) during fiscal year 2022. This transition was not fully effective and the subsequent monitoring responsibilities were not performed timely. As a result, the RRB's program integrity for representative payee monitoring was negatively impacted, and there was an increased risk that annuitants' benefits could have been misused during fiscal year 2022.

Assessment of the Progress the Railroad Retirement Board Has Made

RRB management concurred with all recommendations and has since completed corrective action on seven of the recommendations. The corrective actions taken by the RRB strengthened applicable procedures, internal controls, and background checks.

With regard to the BFS transferring responsibilities to PEMS, RRB management concurred with all recommendations and indicated that they implemented corrective actions to address seven recommendations and will request closure soon. Additionally, they plan to implement corrective actions for the remaining two recommendations by December 31, 2025.

RRB management indicated that PEMS has since achieved 99 percent timeliness with its 120-day timeliness standard. RRB management has also made extensive revisions to reflect the separate PEMS and BFS' field office responsibility actions in the monitoring process. PEMS will also continue to use its internal procedure guidelines when handling returned representative payee and parental monitoring forms. RRB management indicated that all of its program integrity and evaluation specialists have now been provided with access to a third party system used to conduct background checks.

At the time of this statement, PEMS had six program integrity and evaluation specialists assigned to the representative payee project, which is considered the minimum amount of staff needed to handle the responsibilities in a timely manner. This situation is being closely monitored by RRB management and if just one employee is lost, adjustments in priorities or assistance from BFS may be needed.

What the Railroad Retirement Board Needs to Do

- The RRB needs to establish risk criteria to identify and closely monitor its high-risk representative payees to protect its most vulnerable annuitants.
- The RRB needs to work with OMB and OPM to acquire the adequate resources needed to ensure the safety of its annuitants and maintenance of its representative payee internal controls or make necessary organizational changes to overcome this challenge.

See Appendix II for the relevant reports for this challenge.

Challenge 5 – Ensure Reliable Financial Statements and Internal Controls over Financial Reporting

RRB must ensure a reliable financial reporting system and provide financial statements that present fairly the financial condition of the RRB.

Why is this a challenge?

RRB has not received an unmodified (clean) opinion on its annual agency wide financial statements since 2012. An unmodified opinion is when the auditor concludes that the financial statements are presented fairly, in accordance with the United States (U.S.) Generally Accepted Accounting Principles. For its fiscal year 2024 financial statements, the RRB received a disclaimer of opinion and separately received an additional disclaimer of opinion on its internal controls over financial reporting.¹² Disclaimers are issued when the auditor cannot express an opinion. The primary reason for the fiscal year 2024 disclaimers were due to the RRB's inability to provide sufficient appropriate evidential matter to the auditors. Overall, the RRB's fiscal year 2024 financial statements audit included five material weaknesses and one instance of noncompliance.

Five Material Weaknesses

On November 15, 2024, a total of three new recommendations were made to address five material weaknesses regarding scope limitations, the internal control environment, and financial reporting.

Scope Limitations – the auditor determined that one material weakness existed regarding the RRB's scope limitation. The scope limitations were due to a lack of access to the NRRIT's audit results (repeat finding).

Internal Control Environment – the auditor identified two material weaknesses in the internal control environment, including an ineffective internal control program (modified repeat finding), and ineffective IT controls over financial reporting (repeat finding).

Financial Reporting – the auditor determined that two material weaknesses existed regarding the RRB's financial reporting, including issues with preparing and reviewing financial reports (modified repeat finding), and noncompliance with the Treasury United States Standard General Ledger (repeat finding).

Compliance with Laws and Regulations

The results of the auditor's tests disclosed one instance of noncompliance with laws and regulations, including an ineffective contract closeout process (repeat finding).

RRB's financial management issues are prominent and may adversely affect the economy, efficiency, and effectiveness of its operations. Sound financial management practices would

¹² The independent financial statement auditor issued its report on November 15, 2024.

help to improve RRB's accountability over its extensive resources, support more efficient management of these resources, and help ensure the railroad community continues to have access to its earned benefits.¹³ As of September 30, 2024, the RRB's assets were approximately \$36 billion. As of the same day, the RRB's obligations for all of fiscal year 2024 were reported at \$17.1 billion according to USAspending.gov, ranking it 28th highest in spending, out of 107 listed agencies.¹⁴

Assessment of the Progress the Railroad Retirement Board Has Made

RRB management accepts its responsibilities to ensure a reliable financial reporting system and to provide financial statements that present fairly the financial condition of the RRB. RRB management demonstrated significant improvement for its fiscal year 2024 financial statements. The agency reduced its material weaknesses from 12 to 5 (58 percent improvement) and its reported instances of noncompliance from 3 to 1 (66 percent improvement).

For its fiscal year 2025 financial statements, the final audit opinions have not been published because the audit of those financial statements and the audit of the internal controls over financial reporting are in progress. They will not be published until after November 15, 2025.

What the Railroad Retirement Board Needs to Do

- RRB needs to finalize any approved changes to the RRB's reporting requirements with the Department of Treasury for the assets held by NRRIT.
- RRB needs to continue to strengthen its financial reporting quality assurance and clarify its proper accounting treatment for complex transactions.
- RRB needs to continue implementing its corrective action plans.

Refer to Appendix II for the relevant report for this challenge.

Challenge 6 – Improve Human Capital Management

To accomplish its mission, handle the persistent administrative workload, and provide outstanding customer service, the RRB has an ongoing need to efficiently manage its human capital resources and to hire, develop, and retain its employees.

Why is this a challenge?

As reported by the RRB, significant staff losses and inadequate staffing levels have created backlogs of initial disability decisions and post adjudicative actions, which impacted the accuracy of retirement/survivor, disability, and unemployment/sickness benefit payments.¹⁵ In addition, the agency's increase in aged backlogs and extended processing delays have resulted

¹³ During fiscal year 2024, the RRB paid benefits to about 483,000 beneficiaries.

¹⁴ USAspending.gov is the official source for spending data for the U.S. Government.

¹⁵ In the fiscal year 2026 budget justification to Congress, the RRB indicated that (as of June 2025) there were 2,017 initial disability cases pending decision and 3,055 early Medicare (Disability Freeze) cases pending decisions.

in reduced customer satisfaction and an increase in phone inquiries, which exceeded the capacity of the RRB's field office employees. Lastly, insufficient staffing and job duty dependency across the agency have led the RRB to allocate resources to satisfy federal mandates or short-term agency priorities, rather than performing activities with long-term benefits or to satisfy its strategic goals.

Funding and Resource Planning Challenges

In the fiscal year 2026 budget justification to Congress, RRB management indicated that the President's fiscal year 2026 budget request included \$126 million which supports an estimated 703 full-time equivalents (FTEs). This budget request places funding levels at an insufficient level for the third consecutive fiscal year. The 703 FTEs under the proposed \$126 million budget request is 141 FTEs fewer than what is needed to sustain the agency's mission essential functions.

Impacted Bureaus and Offices

The RRB's Bureau of Information Services leads the agency's IT modernization program and manages all aspects of IT and information management. This bureau has experienced a 47 percent decrease in staffing since 2019, requiring it to pause its modernization efforts and resulting in system lapses and delays in necessary programming changes.

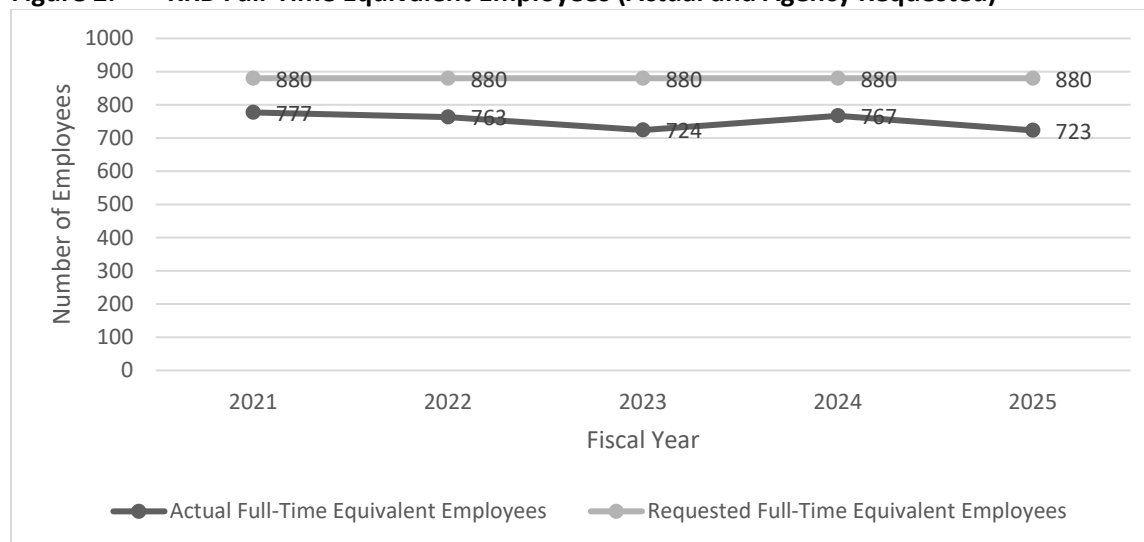
BFS employees handle a myriad of customer inquiries including those for retirement, disability, sickness, unemployment, and survivor benefits, claim applications, Railroad Medicare coverage, Social Security benefits for railroad workers, and tax withholding. Despite rising workloads, field office staffing levels have declined by 10 percent, since fiscal year 2017. There has also been a hiring freeze since September 2023. As of June 24, 2025, 23 of the 53 RRB's field offices (43 percent) are expected to reach critically low levels due to anticipated retirements. These field offices risk mission failure unless staffing levels are substantially increased.

Agency-wide Impact

With its reduced staff and insufficient IT funding, the RRB has experienced significant processing delays and backlogs. As of April 4, 2025, the RRB had 90,105 pending retirement post award adjustments. This backlog of pending workload items represents railroad retirement beneficiaries who have either been overpaid or underpaid for many years. The resultant backlogs and processing delays decrease customer satisfaction and magnify the volume of unnecessary telephone inquiries and in-person service requests, further exceeding the available capacity of the RRB's field office employees.

As shown in Figure 2, over the past five years, the RRB's available FTEs have continued to decline.

Figure 2. RRB Full-Time Equivalent Employees (Actual and Agency Requested)



Source: RRB's Congressional Justification for fiscal years 2021 through 2026. The FTEs exclude staffing for the OIG, and the fiscal year 2025 FTEs are estimated by RRB.

In the RRB's Strategic Plan 2026-2030, RRB explained that its administrative budget is identified as the single most important risk factor. According to the RRB, stagnant budgets, compounded by the necessity to absorb unfunded pay increases, have led to a nearly 18 percent decline in staffing, from 853 in fiscal year 2017 to a projected 703 for fiscal year 2026 if the RRB's budget remains static. The RRB's overburdened staff and loss of institutional knowledge has resulted in an environment where its remaining staff cannot efficiently perform statutorily required tasks. And nearly one third or 32 percent of the RRB's most knowledgeable employees could retire immediately or sometime between fiscal year 2026 through fiscal year 2030. This future attrition risk is anticipated to further erode its institutional knowledge, technical skills, and abilities, and severely limit its progress towards achieving its strategic goals and objectives.

The RRB OIG recently contracted with an independent consulting firm to perform a risk assessment of RRB programs. The assessment showed elevated risks in human capital management. Overall, the assessment showed that, across its various benefit paying programs, RRB is experiencing resource constraints and a shortage of staff necessary to maintain day-to-day operations. This staffing deficit could lead to additional delays in processing and potentially compromise the integrity of its internal control processes, which are critical for ensuring accurate and secure transactions.

Additionally, the firm determined that:

- Resource constraints may lead to ineffective oversight of critical control areas, heightening the risk of fraud and improper payments.
- The staffing shortages may result in claims processing delays, potentially affecting the timely disbursement of benefit payments.

- Resource constraints may strain existing employees, leading to burnout and further reducing operational efficiency and control effectiveness.
- All of the RRB's benefit-paying programs are incurring budget constraints, which limit the resources available for its program improvements.
- Incompatibility between the strategic goals of its benefit-paying programs and its budgeting plan for needed improvements exacerbates the situation and hinders its ability to allocate resources effectively.
- Strategic planning and operational improvement initiatives may be inhibited without a clear linkage between the strategic goals and budgeting plan.
- Financial uncertainty restricts investment in innovative solutions, potentially compromising the effectiveness and reliability of internal controls.

Assessment of the Progress the Railroad Retirement Board Has Made

The RRB has made progress in the management of its human capital and continues to aggressively pursue its necessary budgeting. In RRB's Strategic Plan 2026-2030, RRB management outlined its planned efforts:

- The RRB will strive to implement the key elements of the Federal Merit Hiring Plan.¹⁶ By doing so, the RRB's recruitment and hiring processes will become more efficient and focused through hiring based on merit, practical skill, and dedication to our Constitution.
- The RRB will engage with the General Services Administration (GSA) to plan and design a new headquarters facility that meets required occupancy standards while ensuring critical services are fully supported. The RRB will continue to collaborate with GSA to identify suitable cost-effective space options that balance the RRB's need to recruit and retain qualified employees for all locations.
- The RRB will reduce the operational risks associated with continued reliance on COBOL programming language, and develop an iterative plan that considers available budgetary resources to transition to a Low-Code No-Code platform.¹⁷
- The RRB will explore the use of effective, mission-enabling artificial intelligence to benefit the nation's railroad workers and their families, and improve the effectiveness and efficiency of operations.

In its management response to its prior year challenges, the RRB agreed that to accomplish its mission the RRB needs to hire and retain its employees. With its limited budget, the RRB explained that it has been forced to continue its existing hiring freeze and the insufficient funding levels have resulted in unacceptable delays in service to the rail employees and annuitants who have paid into the railroad retirement system their entire careers.

¹⁶ In accordance with Executive Order 14170, *Reforming the Federal Hiring Process and Restoring Merit to Government Service and the Merit Hiring Plan (MHP)*, issued on May 29, 2025.

¹⁷ As outlined in Executive Order 14243, *Stopping Waste, Fraud, and Abuse by Eliminating Information Silos*, issued on March 20, 2025.

To address its rising attrition rates and budget shortfall, the RRB's internal policy requires that each Executive Committee member establish a Human Capital Plan, containing a hiring, succession, and training plan. The RRB recently completed its fiscal year 2025 Human Capital Plan summarizing its workforce and the succession planning data and analysis for each Bureau and Office.

The Board has requested approximately \$170 million for its fiscal year 2026 limitation on administration appropriation. This request level would permit the RRB to improve rail industry services, coordinate benefits, and ensure its constituents continue to receive benefits. The agency's request level would fund approximately 844 FTEs and provide \$6 million for its IT modernization efforts. The request is supported by the RRB's Human Capital Plan and the increased staffing would directly improve its services to the railroad community while addressing its strategic goals. The staffing investment would also serve to offset the RRB's delays in processing disabilities, post awards, and rate adjustments.

What the Railroad Retirement Board Needs to Do

- The RRB needs to be aware that a wave of retirements for critical positions can increase the RRB's succession risk, which can increase the risk of noncompliance with laws, regulations, or federal mandates.¹⁸
- The RRB needs to continue updating the Human Capital Plan annually, including its hiring, succession, and training plans.
- The RRB needs to continue working closely with OMB and OPM to develop long-range plans for hiring.
- The RRB needs to continue to proactively use its available artificial intelligence tools to offset its staffing deficit and maximize the efficiency of its available FTEs.
- The RRB needs to consider the deployment of Robotic Process Automation bots to handle high-volume repetitive tasks freeing staff for higher-value activities.
- The RRB needs to collaborate with other federal agencies for resource-sharing in specialized roles like IT or claims validation.
- The RRB needs to establish a continuous improvement team to assess the cost-effectiveness of controls, using key performance indicators and return on-control metrics.
- The RRB needs to use government-approved cloud solutions (e.g., FedRAMP) to reduce infrastructure and maintenance costs.

Refer to Appendix II for the relevant report for this challenge.

¹⁸ Per a report issued by the Government Accountability Office (GAO-24-105545), the RRB's human capital plan defines a critical position as one that presents an unacceptable operational risk to the agency's mission if it remains unfilled.

Through audits, investigations, and other follow-up activities, we will continue our oversight of the challenges discussed in this letter.

(Original signed by)

Shanon E. Holman
Assistant Inspector General for Audit
Principal Deputy Performing the Duties of the Inspector General

October 17, 2025

APPENDIX I: MANAGEMENT COMMENTS

MANAGEMENT'S COMMENTS

These are management's comments on the Management and Performance Challenges identified by the Railroad Retirement Board (RRB) Office of Inspector General (OIG).

Challenge 1 – Improve Agency Disability Program Integrity

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue increasing the staffing levels or modernize its process to improve the timeliness of initial disability decisions and the effectiveness of the Continuing Disability Review (CDR) program.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to work on reducing and eliminating the pending disability cases.
- The RRB needs to work with the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) to acquire the necessary resources to address its disability program weaknesses or make necessary organizational changes to overcome this challenge.

Management's Comments to Challenge 1:

We appreciate the opportunity to review OIG's assessment of our challenges in regard to RRB's disability benefits program. However, for another consecutive year, we observe that OIG's narrative in this section incorrectly references distinct workloads as if they were directly related to the disability program. In order to ensure clarity for readers, we begin our response with a clarification of the numbers and workloads referenced by OIG:

- *The "18.4 percent" increase in applications identified by OIG describes initial work, across all application types, received by the Bureau of Field Service; only a fraction of these applications will make their way to the Disability Benefits Division within the Office of Programs (which is separate from the Bureau of Field Service).*
- *Similarly, the reference of a "national backlog of 7,440 retirement benefit cases across field offices" actually refers to 7,440 cases across all workloads addressed by Field Service, not retirement benefit cases specifically (again, only a fraction will end up in the disability workload addressed by the Office of Programs).*
- *Notably, the "18.4 percent" and "7,440 cases" referenced by the OIG are data points from RRB's fiscal year 2026 budget justification which further explains that the Bureau of Field Service's staffing is at its lowest point on record. The disability workload is addressed by the Office of Programs, which is also dealing with significant staffing declines.*
- *OIG describes the RRB's progress on age and service retirement benefits as negatively impacting the disability workload and, as support for this conclusion, observes that "as of June 2025, the RRB had 2,017 cases pending an initial disability decision." However, the OIG's narrative in subsection "Assessment of the Progress..." reveals that 2,017 actually represents significant improvement as it is a more than 400 case (or ~17 percent) decrease in RRB's prior pending case level (2,425).*
- *This report, like the prior one, discusses retirement post award actions as if they are part of the work performed by the Disability Benefits Division, but, as observed in the*

RRB's response to last year's OIG report, such post award work is not limited to disability cases and is instead performed by the Retirement and Survivor Benefits Division.

In regard to the timeliness of initial disability decisions, the RRB acknowledges OIG's observation that the agency continues to fall short of its stated goal to make 70 percent of decisions within 100 days of the application file date. As the OIG is aware, this goal has not changed for many years despite the agency's significant, and increasing, resource challenges. For that reason, we are clarifying that completing 70 percent of initial disability decisions within 100 days of the application date is a longstanding aspirational goal. As observed by OIG, the RRB will not be able to substantially improve the timeliness of this work without increasing staffing levels or modernizing technology; these actions cannot be initiated without Congressional approval of additional agency funding. In the interim, the agency will amend its stated timeliness goal to better align with current fiscal realities.

Although we emphasize agency accomplishments in regard to decreasing the number of pending initial disability decisions, we acknowledge the additional challenges posed by our Continuing Disability Review (CDR) and disability freeze workloads. However, as with timeliness, the RRB's ability to implement corrective action plans is constrained by insufficient resources. We appreciate the OIG drawing attention to the fact that the RRB is unable to make substantial gains across disability workloads without additional resources and the support of OMB and OPM.

Challenge 2 – Improve Information Technology Security

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue improving information technology (IT) security to ensure it will eventually reach the overall maturity goal of Managed and Measurable (Level 4), thus an effective information security program.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to develop a Single Sign-On (SSO) with Role-Based Access to efficiently simplify its access control and streamline navigation through system consolidation.
- The RRB needs to work with OMB and OPM to acquire the resources required to safely secure its IT systems or make necessary organizational changes to overcome this challenge.

Management's Comments to Challenge 2:

We appreciate the OIG's thorough evaluation of our IT Security environment and acknowledgment of the improvement in our fiscal year 2025 core Federal Information Security Modernization Act (FISMA) Inspector General metrics and efforts we've taken to sustain yearly improvements of our information security program. The RRB is fully aware and committed to working toward an overall maturity level of Managed and Measurable (level 4) and the following are a few examples of our efforts toward this goal.

First, understanding that a fully integrated enterprise-wide Risk Management Program is required for the agency to manage risk effectively, the agency implemented an automated solution in fiscal year 2025 using the Department of Justice's Joint Cybersecurity Authorization Management Governance, Risk, and Compliance tool. This tool provides a centralized, enterprise-wide (portfolio) view of risks across the organization, including risk control and remediation activities, dependencies, risk scores/levels, risk management roles and responsibilities, an information security architecture strategy, an enterprise-wide configuration plan, and management dashboards.

RRB can achieve modern, secure Single Sign-On (SSO) with Role-Based Access Control by leveraging Entra ID as the primary identity provider, Active Directory Federation Services (ADFS) for legacy applications, and Zscaler as the Zero-Trust enforcement layer. Together, these components provide seamless authentication, centralized role management, and identity-driven access to internal and external applications. Microsoft Entra ID and ADFS have already been established and the RRB is piloting Zscaler with Cybersecurity and Infrastructure Security Agency's Continuous Diagnostics and Mitigation advanced network protection solution.

Additionally, the RRB continued addressing open findings as well as implementing an information security continuous monitoring strategy through the Department of Homeland Security Cybersecurity & Infrastructure Security Agency Continuous Diagnostic and Mitigation Group F Program. These actions directly and positively impact our ability to improve the overall risk management posture for the agency. Further, through these efforts, we addressed and closed 99 Plan of Action and Milestones, which included 16 OIG findings during fiscal year 2025.

Preliminary Cyberscope audit results, a part of the fiscal year 2025 FISMA audit, indicate that OIG's contract auditor, Castro & Company, recognized the RRB is sustaining progress on all the core metrics from the prior year at consistently implemented (level 3). Additionally, the RRB is continuing to refine our roadmap to successfully implement a full Zero-Trust architecture as well as maximize its performance against the measured FISMA controls as it continues to modernize its enterprise. The RRB's goal is to reach the overall maturity goal of Level 4 – Managed and Measurable and, if possible, in light of budgetary constraints and other agency priorities may include pertinent Information Technology (IT) positions in its annual staffing plan pursuant to the OPM and OMB memorandum, Guidance on ensuring Continued Accountability in Federal Hiring. However, increased funding and staffing resources are necessary to sustain our cybersecurity systems and overall security posture.

Challenge 3 – Complete Information Technology Systems Modernization

What the Railroad Retirement Board Needs to Do

- The RRB needs to continue working on their IT modernization efforts.
- The RRB needs to continue implementing corrective action plans.
- The RRB needs to create a Cross-System Accountability Matrix. This matrix will cover its functional responsibilities for data entry including updates, reviews, approvals, and other tasks across all benefit systems.
- The RRB needs to establish a Unified Case Management Platform. This platform will serve to consolidate its data views from different legacy systems into a single user interface with workflow capabilities.

- The RRB needs to modernize its legacy applications incrementally and use modern interfaces with its COBOL systems to minimize disruption and cost and reduce complexity.
- The RRB needs to work with OMB and OPM to acquire additional resources directed towards an efficient modernization or make necessary organizational changes to overcome this challenge.

Management's Comments to Challenge 3:

We appreciate the OIG's recognition of the budget and staffing challenges the RRB is facing as the agency advances IT system modernization efforts. Critical funding is needed to obtain the resources to fully execute the modernization effort and address key findings. As outlined in our Strategic Plan, the focus of our current and near future projects reaffirms our commitment to improve overall mission support to the RRB and the rail community. Improving services for our constituents, enabling an agile workforce, and securing the enterprise are critical outcomes that will continue to move the agency forward in the years to come. To realize these outcomes, adequate funding will be paramount to our success. The absence of future funding to the agency's IT Modernization Program will effectively stop all modernization initiatives. Insufficient financial resources will render the agency unable to increase staffing and bring on new skillsets, such as artificial intelligence, or procure new tools and services to rapidly implement new cloud-based opportunities. A sufficient operating budget is needed to recruit for new skillsets as well as upskill our current staff and afford the RRB with opportunities to continue our modernization efforts as outlined within this document.

While the RRB has been successful in stabilizing its infrastructure, it has become increasingly difficult to maintain the pace of modernization as the agency lost much of its institutional knowledge through the separation of an overwhelming percentage of its workforce. The loss of our workforce has hindered our ability to provide daily operational support and begin application modernization. The mission of the RRB is supported by over 200 applications running on a mainframe, which adds to the complexity of modernization efforts. A risk to our goals is the agency's current lack of resources. We struggle yearly to fund our operational cloud costs, as we call "hybrid costs," as the early modernized components of our enterprise continue to require sustainment. We anticipate needing to purchase new cloud tools and services to create the necessary framework and governance around a modernized, unified data model and the appropriate resources to establish open-source platforms for application modernization. We are currently not able to improve the quality of our customer data, which impacts our program integrity efforts as well as monitoring and reporting capabilities that allow for data-driven agency decisions and workload prioritization. The agency is severely under-resourced enterprise-wide. The loss of institutional knowledge, insufficient staffing levels, and outdated technology prevent full-scale application modernization, which would streamline business processes and improve customer service. The appropriation the RRB received in fiscal year 2024 and fiscal year 2025 have necessitated a hiring freeze agency-wide and have limited our ability to contract for critical skillsets or purchase the needed technology to continue our modernization efforts. While the RRB will complete the stabilization phase of our approach program, budgetary uncertainty has halted efforts to plan, build, and execute further modernization progress.

Challenge 4 – Strengthen Controls Over Representative Payees

What the Railroad Retirement Board Needs to Do

- The RRB needs to establish risk criteria to identify and closely monitor its high-risk representative payees to protect its most vulnerable annuitants.
- The RRB needs to work with OMB and OPM to acquire the adequate resources needed to ensure the safety of its annuitants and maintenance of its representative payee internal controls or make necessary organizational changes to overcome this challenge.

Management’s Comments to Challenge 4:

In this report, the OIG observes that the RRB has been highly responsive to recent audit recommendations. However, regarding the OIG’s observation that the agency’s transition of this workload “was not fully effective and the subsequent monitoring responsibilities were not performed timely,” management notes that the underlying audit report was released nearly three years after the audit period. Moreover, the audit only covered the first year of the agency’s transition of this workload from Field Service to the Program Evaluation and Management Services. As a result, many of the recommendations had already been implemented by the time the report was issued. As noted by the OIG in this report, RRB management had extensively revised monitoring responsibilities and ensured that all program integrity and evaluation specialists had access to a third-party system to conduct background checks. Additionally, the agency has since achieved 99 percent timeliness in this workload.

Although management appreciates the OIG’s acknowledgement that the corrective actions taken by the RRB strengthened applicable procedures, internal controls, and background checks, we emphasize their conclusion that the agency requires additional resources to adequately ensure annuitant safety, maintain internal controls over representative payees, and implement necessary organizational changes. We also thank the OIG for highlighting the fact that the RRB cannot make further enhancements to this workload without the necessary funding and the support of OMB and OPM.

Challenge 5 – Ensure Reliable Financial Statements and Internal Controls over Financial Reporting

What the Railroad Retirement Board Needs to Do

- RRB needs to finalize any approved changes to the RRB’s reporting requirements with the Department of Treasury for the assets held by the National Railroad Retirement Investment Trust (NRRIT).
- RRB needs to continue to strengthen its financial reporting quality assurance and clarify its proper accounting treatment for complex transactions.
- RRB needs to continue implementing its corrective action plans.

Management’s Comments to Challenge 5:

We successfully worked with the Department of the United States Treasury to implement a reporting structure change for the assets held by the NRRIT. This change was made with

concurrences from OMB and the Government Accountability Office. Effective for the fiscal year 2025 Financial Report of the United States Government (Financial Report), the assets held by the NRRIT were no longer consolidated in the RRB's financial statements. Instead, the NRRIT is a separate standalone consolidation entity, and its assets will be consolidated directly in the governmentwide reporting level for the purposes of the Financial Report consistent with Statement of Federal Financial Accounting Standards 47: Reporting Entity. As a result, RRB's financial statements auditors issued an unmodified audit opinion and reported that the RRB's consolidated financial statements presented fairly, in all material respects, the financial position of the RRB as of September 30, 2025, and its net cost, changes in net position, and combined budgetary resources for the year then ended, in accordance with accounting principles generally accepted in the United States. That marks the first time since 2012 that the RRB has earned an unmodified (clean) audit opinion on its consolidated financial statements.

Additionally, during the fiscal year 2025 audit cycle, the RRB reduced the number of material weaknesses from five to two, closed two significant deficiencies, and had no reported instances of non-compliance. The RRB will continue strengthening internal controls and implementing corrective action plans to ensure a reliable financial reporting system and provide financial statements that present fairly the agency's financial condition.

Challenge 6 - Improve Human Capital Management

What the Railroad Retirement Board Needs to Do

- The RRB needs to be aware that a wave of retirements for critical positions can increase the RRB's succession risk, which can increase the risk of noncompliance with laws, regulations, or federal mandates.
- The RRB needs to continue updating the Human Capital Plan annually, including its hiring, succession, and training plans.
- The RRB needs to continue working closely with OMB and OPM to develop long-range plans for hiring.
- The RRB needs to continue to proactively use its available artificial intelligence tools to offset its staffing deficit and maximize the efficiency of its available Full-Time Equivalents (FTEs).
- The RRB needs to consider the deployment of Robotic Process Automation bots to handle high-volume repetitive tasks freeing staff for higher-value activities.
- The RRB needs to collaborate with other federal agencies for resource-sharing in specialized roles like IT or claims validation.
- The RRB needs to establish a continuous improvement team to assess the cost-effectiveness of controls, using key performance indicators and return on-control metrics.
- The RRB needs to use government-approved cloud solutions (e.g., FedRAMP) to reduce infrastructure and maintenance costs.

Management's Comments to Challenge 6:

The RRB acknowledges its ongoing need to effectively manage human capital resources to hire, develop, and retain employees, and agrees with this assessment. The agency is also aware that a wave of retirements in critical positions increases succession risk, which in turn raises the potential for noncompliance with laws, regulations, or federal mandates. However,

this is not a new challenge, as a significant number of employees have been retirement eligible for several years. Due to budgetary constraints in fiscal year 2024, the RRB implemented a hiring freeze that continued through fiscal year 2025. This freeze was compounded by a full-year continuing resolution that maintained the agency's budget at fiscal year 2024 levels. Looking ahead, the RRB anticipates a flat budget for fiscal year 2026, which remains significantly below the level needed to effectively carry out its mission.

With a \$126 million budget, the agency will be forced to severely limit hiring and internal promotions. Although the RRB received a modest increase to its administrative budget in 2022, it was not sufficient to restore needed staffing levels to meet operational demands. A decade of constrained funding has contributed to significant delays in service for rail employees and annuitants who have contributed to the railroad retirement system their entire careers. The RRB remains hopeful that executive and legislative action will result in increased funding to support the hiring necessary to deliver the levels of service its customers deserve.

As the RRB evaluates its current and future human capital needs, it is critical to implement strategies that recruit, develop, and retain a skilled and ready workforce. These strategies must align with the Administration's Merit Hiring Plan and support the agency's mission and commitment to the railroad community. Strategic workforce management is increasingly important, as the number of employees eligible to retire remains high and the agency has experienced an attrition rate above the governmentwide average for at least the past three years. Currently, 30 percent of our employees have 20 or more years of service, and 25 percent of the workforce is eligible to retire in fiscal year 2026.

RRB's policy requires each Executive Committee member to maintain a Human Capital Plan (HCP) for their organization, updated annually, which includes a Hiring Plan, Succession Plan, and Training Plan. The HCPs are developed using workforce analysis tools and data provided by the Bureau of Human Resources. The consolidated HCP incorporates input from office and bureau to prioritize workforce needs across the agency. The RRB recently completed a modified fiscal year 2026 HCP exercise in conjunction with the development of the RRB's Agency RIF and Reorganization Plan, summarizing workforce and succession planning data collected from each bureau and office.

RRB has been updating our procedures to comply with various new hiring requirements from the Administration such as implementing OPM's new Merit Hiring Plan, forming a Strategic Hiring Committee, and developing an Annual Staffing Plan to be submitted for approval by OPM and OMB.

To address the staffing deficit and maximize the efficiency of available FTEs, the RRB is exploring how artificial intelligence (AI) can support key operational areas. These tools are being evaluated for their potential to streamline office automation tasks and support the maintenance of legacy coding systems. The agency has not yet begun to assess how AI could assist with claims processing, automate document classification, or enhance fraud detection capabilities. However, the implementation of AI solutions remains contingent upon securing adequate funding and technical resources, which continue to be constrained under current budgetary conditions. In parallel, the RRB recognizes the value of Robotic Process Automation (RPA) in reducing the burden of high-volume, repetitive tasks such as data entry, benefit calculations, and compliance monitoring. This would allow staff to focus on higher-value activities, including customer service and policy development. However, implementing RPA solutions depends on securing adequate funding and technical resources, which remain constrained under current budgetary conditions. In addition, with the agency's IT modernization funds depleted, funding of hybrid IT costs will now be absorbed into RRB's

administrative budget, such that the RRB's ability to recruit and hire employees will be drastically constrained.

Given the specialized nature of roles such as IT and claims validation, the RRB is pursuing collaborative partnerships with other federal agencies to share expertise. These interagency efforts aim to reduce duplication, enhance service delivery, and ensure continuity in mission-critical functions despite staffing limitations.

Finally, the RRB continues to migrate eligible systems to government-approved cloud platforms, including FedRAMP-authorized solutions. This transition is essential for reducing infrastructure and maintenance costs, improving scalability, and strengthening the agency's cybersecurity posture. However, hybrid cloud costs and legacy system dependencies remain significant challenges without sustained financial investment.

APPENDIX II: REPORTS

Please visit <https://www.rrb.gov/OurAgency/InspectorGeneral/Library> for our reports.

Improve Information Technology Security

Railroad Retirement Board (RRB) Office of Inspector General (OIG), *Audit of the Railroad Retirement Board's Compliance with the FISMA of 2014 for Fiscal Year 2024*, Report No. 25-03 (Chicago, IL: February 24, 2025).

Complete Information Technology Systems Modernization

RRB OIG, *Audit of the Utilization of Information Technology Modernization Funds at the Railroad Retirement Board as of Fiscal Year 2023*, Report No. 24-04 (Chicago, IL: March 6, 2024).

Strengthen Controls Over Representative Payees

RRB OIG, *Audit of the RRB's Representative Payee Program Fiscal Year 2023 – Fiscal Year 2024*, Report No. 25-07 (Chicago, IL: June 12, 2025).

RRB OIG, *Management Information Report-RRB's Representative Payee Monitoring Progress and Status: Fiscal Year 2020 – Fiscal Year 2022*, Report No. 25-06 (Chicago, IL: June 6, 2025).

Ensure Reliable Financial Statements and Internal Controls over Financial Reporting

RRB OIG, *Report on the Railroad Retirement Board's Financial Statements Fiscal Year 2024*, Report No. 25-01 (Chicago, IL: November 15, 2024).

Improve Human Capital Management

RRB OIG, *Audit of the Railroad Retirement Board's Organizational Structure and Field Service Operations*, Report No. 24-03 (Chicago, IL: February 8, 2024).

ABBREVIATIONS

CDR	Continuing Disability Review
DHS	Department of Homeland Security
FISMA	Federal Information Security Modernization Act of 2014
GAO	Government Accountability Office
IG	Inspector General
IT	Information Technology
NRRIT	National Railroad Retirement Investment Trust
OIG	Office of Inspector General
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RUIA	Railroad Unemployment Insurance Act