

Congress of the United States

Washington, DC 20515

July 27, 2016

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Dodaro:

We are writing to request that the Government Accountability Office conduct a review of the financial interchange between the Railroad Retirement Board (RRB), the Social Security Administration (SSA), and the Department of Health and Human Services (HHS). The RRB receives approximately \$4 billion annually via a financial interchange with the SSA and HHS.¹ The financial interchange is intended to place the Social Security Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and the Hospital Insurance (HI) Trust Funds in the same condition they would have been had railroad employment been covered by the Social Security Act and Federal Insurance Contributions Act.²

The RRB annually estimates the additional benefits and administrative expenses that would have been paid from these Trust Funds, as well as the additional payroll taxes and income taxes that would have been received by them (including interest), had railroad employment been covered by the Social Security Act and Federal Insurance Contributions Act.³ When benefits paid and administrative expenses exceed payroll taxes, funds are transferred to RRB.⁴ If taxes collected exceed benefits paid, a transfer is made to the SSA.⁵ Historically, the RRB has received funds as a result of the transfer.⁶ In fiscal year 2015, \$4.7 billion was transferred from the OASI and DI Trust Funds to the RRB, and \$595 million was transferred from the RRB to the HI Trust Fund.⁷ This represents a net transfer of over \$4 billion from the Trust Funds to the RRB.

The last in-depth GAO report on the financial interchange was released in 1983 and focused solely on the RRB and the SSA. This report found a number of errors in the calculations and identified other issues related to the calculation methods.⁸

¹ U.S. Railroad Retirement Board, *2015 Annual Report*, at 9 available at <https://www.rrb.gov/pdf/opa/AnnualRprt/AnnualReport.pdf> (last visited June 29, 2016).

² *Id.*, at 7.

³ *Id.*, at 7, 9.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ U.S. Railroad Retirement Board, *Railroad Retirement Board Performance and Accountability Report*, Fiscal Year 2015, at 72-73 available at <https://www.rrb.gov/pdf/oig/REPORTS/1601.pdf> (last visited June 29, 2016).

⁸ Government Accounting Office, *Inaccurate Fund Transfers Between Social Security Administration And Railroad Retirement Board* (Apr. 4, 1983) (GAO/HRD-83-2).

The Honorable Gene L. Dodaro

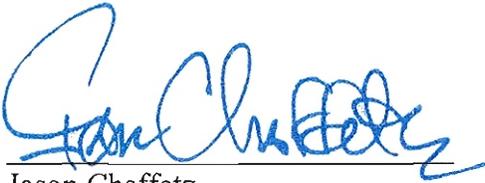
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The amount of funds transferred is based on complex calculations. It is important that accurate calculations are used to determine the fund transfer amounts. As such, we are requesting GAO conduct an audit of the policies and procedures associated with the annual financial interchange between RRB, SSA, and HHS, including an assessment of the soundness of the calculations and controls over the calculations of amounts to be transferred.

Thank you for your attention to this important matter. Please contact Alexa Armstrong with the Committee on Oversight and Government Reform at (202) 225-5074 and Amy Shuart with the Committee on Ways and Means at (202) 225-9263 with any questions about this request.

Sincerely,



Jason Chaffetz
Chairman
Committee on Oversight and Government Reform



Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means



Mark Meadows
Chairman
Subcommittee on Government Operations
Committee on Oversight and Government Reform