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**How Long Does It Take Conrail To Process Protected Employees' Claims under the 1973 Regional Rail Reorganization Act?**  
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**Report to Rep. John L. Burton, Chairman, House Committee on Government Operations: Government Activities and Transportation Subcommittee; by Eimer B. Staats, Comptroller General.**

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**Authority: Regional Rail Reorganization Act of 1973, title V (P.L. 93-236, as amended). Rail Revitalization and Regulatory Reform Act of 1976 (P.L. 94-210).**

The Consolidated Rail Corporation (Conrail) grew out of a plan to restructure bankrupt railroads in the Northeast and Midwest into an economically viable rail system. Monthly displacement allowance claims were awarded to protected employees under the Regional Rail Reorganization Act of 1973. The statute specified that the Railroad Retirement Board was to reimburse Conrail for the actual amounts paid to or for the benefit of protected employees from a separate U.S. Treasury account. A review was conducted to determine how long it takes Conrail to pay these monthly displacement allowance claims. **Findings/Conclusions:** For Conrail as a whole, processing time ranged from 33 to 322 days. For claims processed by the New Haven field office, the range was from 26 to 170 days. The following factors had the greatest impact on claim processing time: the large number of claims processed each month, the delay in receipt of validated earnings statements, and the need for and difficulty of verifying all claims. Conrail officials said that the objectives of the claim processing procedure are to protect the Government's investment and to pay displacement allowance claims as expeditiously as possible. The processing times were generally within the goals Conrail had established for claims processing, and Conrail has no plans to extensively modify its claim processing procedures. (RRS)

REPORT BY THE

# Comptroller General

OF THE UNITED STATES

*Released Date*

*8-31-78*

## How Long Does It Take Conrail To Process Protected Employees' Claims Under The 1973 Regional Rail Reorganization Act?

As a result of the merger of bankrupt railroads into Conrail in 1976, many employees have been laid off or given lower paying jobs. Up to \$250 million in benefits has been made available to these employees through Title V of the Regional Rail Reorganization Act. As of March 31, 1978, the Railroad Retirement Board had reimbursed Conrail for \$113.9 million which the company had paid to its protected employees.

Conrail employs about 122 people to administer Title V of the Regional Rail Reorganization Act and bears the cost of about \$2.4 million.

GAO's random sample of paid claims during two periods shows that total processing time averaged 96 days and 101 days. This time was needed to verify the validity of the claims. Conrail has no plans to extensively modify its claim processing system.





COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-164497(5)

The Honorable John L. Burton  
Chairman, Subcommittee on Government  
Activities and Transportation  
Committee on Government Operations  
House of Representatives

Dear Mr. Chairman:

As agreed with your office, our first step in responding to your request of December 28, 1977, was to determine how long it takes Conrail to process and pay monthly displacement allowance claims. These claims are awarded to protected employees under the provisions of Title V of the Regional Rail Reorganization Act of 1973 (Public Law 93-236), as amended. The details of our findings are included as an appendix. We are currently reviewing other aspects of Conrail's operation for later reporting.

The statute specified that the Railroad Retirement Board was to reimburse Conrail for the actual amounts paid to or for the benefit of protected employees from a separate U.S. Treasury account known as the Regional Rail Transportation Protective Account. The law also authorized annual appropriations to the account needed to meet the obligations up to an aggregate sum of \$250 million. As of December 31, 1977, or 21 months after Conrail began operations, the Railroad Retirement Board had reimbursed Conrail for \$90 million in title V benefits paid to protected employees as shown below.

<u>Type of payment</u>	<u>Number of claims</u>	<u>Amount</u> (millions)
Monthly displacement allowance	169,423	\$60.3
Separation allowance	1,375	24.5
Relocation expense	1,855	3.9
Termination allowance	199	<u>1.3</u>
Total		<u>\$90.0</u>

Through March 31, 1978, the total amount reimbursed by the Railroad Retirement Board had increased by \$23.9 million to \$113.9 million. Conrail estimates that the \$250 million limitation will be reached prior to 1983, and its business plan projections assume that the Congress will authorize an increase in the fund limitation.

During 1977, Conrail used approximately 122 full- and part-time personnel to administer the title V program at an estimated cost of \$2.4 million. The costs of administering the program are not reimbursed under the title V program, but are borne by Conrail as a cost of operations.

We reviewed a random sample of monthly displacement allowance claims from the entire Conrail-wide system, as well as all claims processed by Conrail's New Haven, Connecticut, field office. The table below shows the average total processing times and the range of total processing times for monthly displacement allowance claims paid during the two one-week periods reviewed. Total processing time was defined as the number of days that elapsed from the date an employee filed a claim with Conrail until the date the employee received payment.

<u>Total processing time (days)</u>	
<u>Claims paid</u> <u>during the week</u> <u>ended 2/15/77</u>	<u>Claims paid</u> <u>during the week</u> <u>ended 2/07/78</u>

Average:

Conrail-wide sample	95.9	101.2
New Haven field office	66.0	83.2

Range:

Conrail-wide sample	37 to 236	33 to 322
New Haven field office	36 to 116	26 to 170

The above schedule shows that for Conrail as a whole processing time ranged from 33 to 322 days. For claims which the New Haven field office processed, the range was from 26 to 170 days. This data corroborates the statement in the Subcommittee's letter to us that some New England employees are required to wait 3 to 5 months for payment of claims.

We found that the following factors had the greatest impact on claim processing time:

- The large number of claims processed each month.
- The delay in receipt of validated earnings statements.
- The need for and difficulty of verifying all claims.

Conrail officials said that the objectives of its claim processing procedure are two-fold--to protect the Government's investment and to pay monthly displacement allowance claims as expeditiously as possible. They said that, given these objectives, the processing times we disclosed generally were within the goals Conrail had established for processing of claims by the field offices. They also said that Conrail has no plans to extensively modify its claim processing procedures but is constantly reviewing the procedures with a view toward improving them.

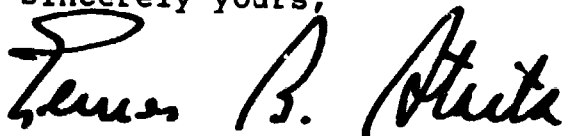
In accordance with your letter and our subsequent meeting with your office, we plan as soon as possible to

- examine how the Railroad Retirement Board reimburses Conrail for funds paid or obligated to be paid to protected employees and
- determine the total value of title V funds involved to date and how they were used during periods of delay until paid to individual recipients.

We are also considering reviewing the methods used by Conrail to verify the propriety of claim amounts paid. As part of such a review, we would examine the methods Conrail uses to process claims; and we would also consider whether and how that process could be expedited.

We are also sending copies of this report to Congressmen Evans, Maguire, and Moffett. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of the report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,



Comptroller General  
of the United States

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### ABBREVIATIONS

Conrail  
MDA

Consolidated Rail Corporation  
Monthly displacement allowance

INFORMATION ON CONRAIL'S CLAIMS PROCESSINGFOR PROTECTED EMPLOYEES UNDER TITLE VOF THE REGIONAL RAIL REORGANIZATION ACT OF 1973BACKGROUND

On December 28, 1977, the Chairman, Subcommittee on Government Activities and Transportation, House Committee on Government Operations, asked us to review the Consolidated Rail Corporation's (Conrail) administration of certain aspects of title V of the Regional Rail Reorganization Act of 1973 (Public Law 93-236, January 4, 1974), as amended. The Chairman's letter stated that questions had arisen concerning the pay, allowances, expenses, and costs related to Conrail's protected employees. The letter also stated that payments to some employees in New England reportedly had been delayed 3 to 5 months and that such delays may be common throughout the system. We agreed to first examine Conrail's procedures and practices in processing title V claims to determine whether such claims are filed and paid promptly.

Statutory provisions of  
the title V program

Title V of Public Law 93-236, as amended, requires Conrail to pay all allowances, expenses, and costs to its protected employees, including union and nonunion employees, who have been adversely affected by the creation of Conrail. Generally, the statute considers a protected employee to be any person who was employed by one of Conrail's predecessor bankrupt railroads as of January 2, 1974, and who has not reached age 65. Corporate officers are not protected by the provisions of title V.

The law provides that a protected employee shall not be placed in a worse position with respect to compensation, fringe benefits, working conditions, etc., than he or she had with the predecessor railroad. The law specifically provides that a protected employee who has been deprived of employment or has suffered a reduction in earnings, shall receive a monthly displacement allowance (MDA). The amount of an employee's MDA shall be equal to his or her average monthly earnings during calendar year 1974, reduced by the amount of unemployment compensation benefits received, railroad and nonrailroad earnings, and other offsets, as provided by the law. As of April 1, 1976, the maximum MDA allowed is \$2,500.

Title V also provides for the payment of separation allowances, termination allowances, moving expense benefits, and fringe benefits.

Section 509 of title V provides that Conrail, the U.S. Railway Association, replacement operators, and acquiring railroads are responsible for the actual payment of all allowances, expenses, and costs to protected employees under title V. The Railroad Retirement Board has reimbursed the amounts paid to protected employees from a separate account maintained in the U.S. Treasury. Annual appropriations to the special account are authorized to meet the obligations payable under title V up to an aggregate sum of \$250 million.

#### Conrail organization and procedures for processing claims

Conrail is a for-profit corporation with headquarters in Philadelphia, Pennsylvania. Conrail grew out of a plan developed by the U.S. Railway Association pursuant to the Regional Rail Reorganization Act of 1973, as amended by the Rail Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210, February 5, 1976). The purpose of this legislation was to restructure bankrupt railroads in the Northeast and Midwest into an economically viable rail system.

Conrail began operations on April 1, 1976, with major segments of six former railroads---Penn Central, Erie Lackawanna, Reading, Lehigh Valley, Lehigh and Hudson River, and Central of New Jersey.

A special section within Conrail's labor relations department manages the title V program. The title V administration section also issues overall procedures and policy instructions related to the title V program and guides Conrail's field offices on the processing of MDA claims. The law requires Conrail to identify all protected employees and to compute their average monthly guaranteed earnings. The law also requires Conrail to periodically adjust each employee's MDA to reflect general wage increases received after December 31, 1974.

During 1977, Conrail used approximately 122 full- and part-time personnel to administer the title V program at an estimated cost of \$2.4 million, as shown in the following table.



<u>Conrail department</u>	<u>Personnel</u>	<u>Administrative costs</u>
Title V administration	84	\$ 1,864,854
Payroll	13	397,239
Data processing	10	137,302
Auditing	15	40,567
Total	<u>122</u>	<u>\$ 2,439,962</u>

These costs are borne by Conrail as a cost of operations and are not reimbursed by the Railroad Retirement Board.

Conrail employees submit their MDA claims to 1 of 14 field offices. The field office verifies and approves each claim before it is paid by Conrail's centralized payroll department.

The procedures for processing a monthly claim from the time an employee submits it until it is paid are outlined below:

1. An employee completes and submits an MDA claim form to the appropriate field office. He or she cannot submit a claim for a particular month earlier than the first day of the succeeding month because the claim form must contain daily earnings information for each day of the month.
2. The field office verifies the data shown on the claim form by comparing it to timekeeping and assignment records maintained by the employee's local office and information furnished by payroll/data processing. 1/ The verification process includes checking the employee's status, years of service, and identification number(s), and a line-by-line validation of the following information shown on the MDA claim form:

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1/ Before the field office can begin verifying a claim, it must have a validated monthly earnings statement for the employee. The earnings statements are sent to each field office by the data processing department for all protected employees.

- Guaranteed monthly displacement allowance.
- Conrail earnings (monthly).
- Nonrailroad earnings.
- Other railroad earnings.
- Nonrailroad retirement board unemployment benefits.
- Offset for failure to exercise seniority.
- Offset for voluntary absence.
- Offset for disciplinary suspension.

The above list of adjustments and offsets are required by law. For example, section 505(b)(1)(A) requires that, for the purpose of computing current earnings, a protected employee should be treated as occupying the highest-paying position to which his qualification and seniority entitle him and which does not require a change of residence. Similarly, the law requires that the MDA be suspended during periods of voluntary absence. Conrail has interpreted voluntary absence to mean illness, leave of absence, jury duty, etc., and requires the examiner to verify the correctness of the offset for these reasons.

3. After completing the verification process and calculating the amount of MDA that is due the employee, the field office supervisor approves the claim. The approved claims are then sent to Conrail's central payroll department for processing.
4. The MDA claims are paid through Conrail's regular payroll system. A payroll department official said that his department reviews incoming claim forms for obvious errors.
5. Data processing matches each claim with the Railroad Retirement Board record of unemployment benefits paid; the MDA claims are reduced accordingly. Data processing also calculates the following amounts for

which Conrail is reimbursed under the title V program: employer railroad retirement tax, employer railroad unemployment insurance, and employer contributions to health and welfare.

6. The amount of the MDA claim is added to the employee's regular paycheck and is explained on the pay stub.

#### Title V funds expended to date

During its first 21 months of operation, Conrail had been reimbursed by the Railroad Retirement Board for \$90 million in title V benefits paid to protected employees. A summary of the amounts paid, by type of payment, as of December 31, 1977, is shown below.

<u>Type of payment</u>	<u>Number of claims</u>	<u>Amount</u>  (millions)
Monthly displacement allowance	169,423	\$60.3
Separation allowance	1,375	24.5
Relocation expense	1,855	3.9
Termination allowance	199	<u>1.3</u>
Total		<u>\$90.0</u>

As of March 31, 1978, the total amount reimbursed had increased by \$23.9 million to \$113.9 million. Conrail estimates that the \$250-million limitation on title V benefits will be reached prior to 1983, and its business plan projections assume that the Congress will authorize an increase in the fund limitation.

#### SCOPE OF REVIEW

We made our review at Conrail offices in Philadelphia, Pennsylvania. We examined Conrail's practices and procedures for processing protected employees' MDA claims and determined the time lapse between filing and actual payment of claims.

We reviewed Conrail's written procedures for processing claims, and we discussed claim processing practices and procedures with various Conrail officials. To determine claim processing times, we reviewed a random sample of MDA claims paid to employees by Conrail during each of two weekly pay periods--one in February 1977 and one in February 1978. In addition, we reviewed all MDA claims processed by the New Haven, Connecticut, field office and paid by Conrail during the same two weekly pay periods.

### RESULTS OF OUR REVIEW OF MDA CLAIMS

Our review disclosed that the average processing times for MDA claims in our Conrail-wide samples were 95.9 days and 101.2 days for the February 1977 and February 1978 sample periods, respectively. The processing times for the New Haven, Connecticut field office claims for the same two periods were somewhat lower, averaging 66 days and 83.2 days, respectively.

Conrail officials responsible for administering the title V program agreed with these statistical findings. They said that the title V administration section had established a procedural goal to have the field offices process incoming MDA claims within 45 to 90 days, and they felt that, for the most part, this goal had been met. This goal does not include a one-month period during which claim processing cannot be started by the field office because of the requirement to implement the so-called "one-for-one" principle. (See p. 16.)

The two major components of Conrail's claim processing system are field office and payroll processing, with field office processing being the most time-consuming segment. For example, the time spent on field office processing for the claims in our two Conrail-wide samples accounted for between 67 percent and 78 percent of the total processing time.

We found that the following factors had the greatest impact on the claim processing time:

- The large number of claims processed each month.
- The delay in receipt of validated earnings statements.
- The need for and difficulty of verifying the correctness of all claims.

Claim processing times

The following table shows the number of MDA claims paid to all Conrail employees and to employees of the New Haven, Connecticut, field office for the periods shown.

<u>Weekly period ended</u>	<u>Conrail</u>	<u>New Haven, Connecticut</u>
2/15/77	3,202	119
2/07/78	3,142	19

We randomly selected 120 claims from the 1977 sample period and 112 from the latter period for our Conrail-wide sample. We also reviewed all claims that were processed through the New Haven, Connecticut, office for both periods.

The average number of days and the range of days required to process the claims we reviewed are summarized below. Table 1-1 shows the results for the Conrail-wide sample, and Table 1-2 provides data on the claims processed by the New Haven, Connecticut, office.

Table 1-1

Processing times for MDA claims in Conrail-wide samples

<u>Processing step</u>	<u>Sample of claims paid during the week ended 2/15/77</u>		<u>Sample of claims paid during the week ended 2/07/78</u>	
	<u>Average</u>	<u>Range</u>	<u>Average</u>	<u>Range</u>
Field office	64.6	17 to 211	79.2	17 to 304
Payroll	27.5	9 to 43	16.5	10 to 26
Total	<u>a/95.9</u>	37 to 236	<u>a/101.2</u>	33 to 322

a/The total processing time does not equal the sum of the field office and payroll processing times because the total processing times include the time required to mail claim forms from the field office to payroll while the field office and payroll times do not.

Table 1-2Processing times for MDA claims processed  
by the New Haven, Connecticut, Field Office

<u>Processing step</u>	<u>Claims paid during the week ended 2/15/77</u>		<u>Claims paid during the week ended 2/07/78</u>	
	<u>Average</u>	<u>Range</u>	<u>Average</u>	<u>Range</u>
Field office	34.1	7 to 86	68.4	25 to 150
Payroll	25.0	22 to 32	14.4	10 to 17
Total	<u>a/66.0</u>	36 to 116	<u>a/83.2</u>	26 to 170

a/The total processing time does not equal the sum of the field office and payroll processing times because the total processing times include the time required to mail claim forms from the field office to payroll while the field office and payroll times do not.

As shown in the above tables, we segregated processing time by the two entities responsible for claims processing. Total processing time is the time required by Conrail to process a claim from the date an employee filed a claim until the date payment was received by the employee. Field office processing is elapsed time from the date the claim was logged in at a field office to the date received by the payroll department. The payroll processing time is the elapsed time between the date the claim was received by payroll to the date the claim was actually paid.

An additional time factor, not included in the processing times cited above, is employee filing delay. Employee filing delay is elapsed time between the earliest date an employee could have filed a claim for a given month and the date a claim was actually filed. An employee cannot file a claim before the first day of the month which follows the claim month. Thus, there would be a 14-day employee filing delay if an employee did not file a claim for the month of April 1978 until May 15, 1978.

Conrail cannot control employee filing delay, so it was excluded from our determination of total processing time. Nevertheless, we found that the employee filing delay was 18.5 days for claims in the Conrail-wide February 1977 sample and 13.2 days for those in the February 1978 sample. For claims processed through the New Haven, Connecticut, field

office, the employee filing delay was 31.6 days and 57.3 days, respectively, for the same two periods.

As indicated by Table 1-1, the total average processing time for claims in the Conrail-wide sample from February 1978 was 5.3 days higher than the sample from February 1977. However, we considered this to be an insignificant difference between the two periods.

Our review also disclosed widespread differences in claim processing times among Conrail's various field offices. For example, the average total claim processing time for the Cleveland, Ohio, field office during the February 1977 period was 77.4 days, while for the Indianapolis, Indiana, field office it was 149.3 days, almost twice as long. In addition, in a few cases, the average processing times for the same field office differed markedly between the two sample periods. For instance, the total average processing time for the Cleveland, Ohio, field office was 77.4 days in the February 1977 sample but had almost doubled to 151.3 days in the February 1978 sample. However, the total average processing time for the Indianapolis, Indiana, field office was reduced from 149.3 days to 95.9 days between the sample periods.

These differences, as well as other variations, can be seen in Table 1-3. The table shows, for our February 1977 and 1978 samples, the average total processing times and the range of total processing times, in terms of claims processed for Conrail's four largest field offices.

Table 1-3

Processing times for MDA claims processed by  
Conrail's four largest field offices

<u>Field office</u>	<u>Total processing time (days)</u>			
	<u>Claims sampled from period ended 2/15/77</u>		<u>Claims sampled from period ended 2/07/78</u>	
	<u>Average</u>	<u>Range</u>	<u>Average</u>	<u>Range</u>
Cleveland, Ohio	77.4	56 to 123	151.3	56 to 188
Indianapolis, Ind.	149.3	137 to 158	95.9	44 to 261
Newark, N.J.	97.0	37 to 120	91.9	45 to 173
Philadelphia, Pa.	87.8	49 to 120	69.6	46 to 82

Large number of claims processed

During the period from July 1976 to November 1976, an average of 7,957 claims were submitted to Conrail's field offices each month. From December 1976 to March 1978, the average increased to 13,805 claims per month. This represents an increase of 73 percent in the average number of claims submitted. Between the same two periods, the number of claims processed and paid by Conrail increased by 94 percent and 101 percent, respectively.

The number of field office personnel assigned to process MDA claims also increased during this period, but the rate of increase was not as great as the increase in the rate of claims processed. From December 1976 to February 1978, Conrail added only eight people to its field office staff, a 10-percent increase in personnel during the same period that the claims processed increased by 94 percent. As of February 1978, Conrail had 86 supervisors, examiners, and clerks working on MDA claims in its 14 field offices.

Delay in receipt of validated earnings statement

Each month Conrail's data processing department sends a validated statement of earnings for each employee to each field office. The field office uses the earnings statement to verify information shown on the claim forms. A claim cannot be validated until the earnings statement is received.

The supervisor of the title V administration section said that it takes about 2 weeks after the end of the month for a field office to receive the earnings information for nonoperating employees. According to the same official, the earnings statement for operating (train and engine) employees is not provided until 3 or 4 weeks, and sometimes as late as 6 weeks, after the end of the month. The length of time it takes for field offices to receive earnings statements results in a corresponding delay in claim processing.

The earnings data for train and engine workers takes longer to receive because to insure that a claimant's earnings are charged in the proper month, the payroll department must wait longer to close out the monthly earnings data for each train and engine employee.



Need for and difficulty  
of verifying all claims

Conrail's procedures require that field office examiners verify all claims regardless of dollar value. Conrail is currently processing about 15,000 claims per month with 86 field office personnel. The average value of claims paid in March 1978 was \$379. However, according to the supervisor of the title V administration section, a number of low dollar value claims are filed.

A Conrail official advised us that the accounting and consulting firm that assisted Conrail in developing the title V claim processing procedures suggested that a minimum claim value be established below which verification by Conrail would not be required. Conrail rejected this suggestion. Their reasoning was that such a system might encourage abuse by some employees. That is, employees might attempt to submit falsified MDA claims that were below the minimum value with the knowledge that such claims would not be verified.

In validating each claim, Conrail procedures require that the field office examiner verify the various earnings amounts and the offsets shown on the employee's claim form. (See pp. 7 to 9.)

According to the supervisor of the Philadelphia field office, the single most time-consuming part of the claim validation process is verifying the correctness of employee earnings as shown on the claim form. Each examiner in the Philadelphia field office processes about 250 claims per month and, according to the supervisor, it takes a great deal of time just to compare an employee's earnings as shown on the claim form with the amount on the validated earnings statement received from payroll.

Verifying the correctness of offsets to the employee's claim amount for lost time also requires a great deal of time, according to the Philadelphia field office supervisor. For the nonoperating crafts, the appropriate deductions are usually shown on the face of the claim form and, in most cases, the employee's immediate supervisor can verify the accuracy of the information. For the operating crafts, the time and attendance records are located at the crew dispatcher offices. To verify time worked and time off, the field office examiner either has to go to the dispatcher's office to check the time and attendance records or send the claim forms to the dispatcher to verify the time shown on the claim. The latter procedure is generally followed when only a few claim forms

are involved. The examiner must also determine whether any overtime work was refused; these potential earnings must also be treated as an offset to the claimant's monthly guarantee amount.

Another time-consuming and difficult part of the verification process involves determining whether each claimant is holding the highest paying position to which his qualifications and seniority entitle him under the applicable collective bargaining agreements. Due to the numerous collective bargaining agreements and seniority systems in effect throughout Conrail, the offset for seniority is difficult to verify.

Involved in determining the offset for an employee's failure to fully exercise seniority rights is the "one-for-one" principle. This procedure, which labor organizations had suggested and Conrail adopted in November 1977, allows Conrail to charge a given position against only one employee. For example, if there were two employees in a particular craft who, by virtue of their qualifications and seniority, could hold a higher-paying position occupied by an employee with less seniority, the one-for-one principle would require that only one of the two qualified employees would be charged with that position.

The one-for-one principle applies only to claims received during the month following the claim month. It cannot be applied until all claims, to which the principle is applicable, have been received by the field office. As a result, one month elapses during which time field office claim processing is deferred. The purpose of the one-month period is to insure that the employee having the highest potential MDA claim in a particular craft is charged with the earnings of the highest paying position held by an employee with less seniority; the employee with the second highest potential claim is charged with the earnings of the second highest paying position; and so forth in descending order. According to Conrail officials, applying the one-for-one principle helps minimize title V program costs.

Conrail officials informed us that implementation of the one-for-one principle has had little effect on claim processing times because field offices have to wait from 2 to 6 weeks to receive the validated earnings statement from payroll anyway.

Complaints about claims

The Director of the title V administration section and payroll officials said that most employee complaints were received during the first 6 months of operations when Conrail was processing claims manually. After Conrail began computerizing payroll processing of MDA claims in November 1976, the number of complaints declined. Complaints dealt with payment delays, overtime earnings, monthly guarantee amounts, and seniority matters. The Director of title V administration section also stated there have been few complaints recently concerning the timeliness of claims payments. Most individual employee complaints are cleared at the field office level. We did not review the individual claimant files, which number in the thousands, to determine how many complaints were submitted.

COMMENTS OF CONRAIL OFFICIALS

We discussed our sample results for the Conrail system with the Director of the title V administration section and with the supervisor of the Philadelphia field office. Neither official took exception to our statistical results.

As discussed earlier, the Director of title V administration advised us that the corporation's goal is to have its field offices process incoming MDA claims within 45 to 90 days. He stated that the labor organizations wanted Conrail to establish a cyclical payment pattern for claims, and he feels this has been largely done, even though payments to some employees may be at least several months behind. He also said that MDA claims processing is now current; that is, about a two-month backlog of claims awaits processing.

Widespread differences in claim processing times were noted among Conrail's various field offices. (See p. 13.) The Director of the title V administration section acknowledged these differences, stating that certain field offices can process claims in much less time than others.

He noted that the New Haven, Connecticut, field office, which processes the claims submitted by the former employees of only one railroad, takes considerably less time to validate claims than the Cleveland, Ohio, field office. Processing times for the latter office are longer because

--many more claims are submitted for processing each month;

- the office has jurisdiction over a larger geographical area;
- the field office supervisor and his staff of examiners must work with a larger number of labor agreements when processing the claims for the employees of each craft;
- field office personnel must consider more possible assignments to determine whether a claimant is holding the highest rated position; and
- time and crew records are scattered at different locations, thereby making verifying the employees' time worked more difficult.

The Conrail title V administration staff is generally satisfied with the present system for processing MDA claims. Conrail officials informed us that Conrail has no plans to extensively modify its claim processing procedures, but is constantly reviewing the procedures with a view toward improving them.